A SPECIAL REPORT ON BANKING

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TODAY: HEALTH SCIENCE Life in the Dark, Page 11

John Major, left, walking with his successor, Tony Blair, into the House of Lords to hear the Queen's Speech as she opened Parliament on Wednesday.

Johnny Eggitt/Agence France-Presse

Russia Agrees to NATO Expansion

A New Relationship 'Minimizes Threat' to Moscow, Yeltsin Says

By David Hoffman
Washington Post Service

MOSCOW — Russia and the North Atlantic Treaty Organization reached agreement Wednesday on the outline of a new political and military relationship that would allow the alliance to expand toward the borders of the former Soviet Union.

The pact was the climax of months of diplomacy aimed at calming Russian apprehensions about NATO enlargement. It appeared to clear the way for a May 27 signing ceremony in Paris attended by Russia and the 16 NATO nations, to be followed by the expected invitations in July to the Czech Republic, Hungary and Poland to become NATO members.

The agreement was announced after nightlong negotiations here between the NATO secretary-general, Javier Solana Madariaga, and Yevgeni Primakov, the Russian foreign minister. President Boris Yeltsin, who had vigorously opposed NATO expansion, said on national television that, in view of "historical" and "practical realities," Russia would "have to reckon" with the broader alliance.

"We need to minimize the threat to Russia," Mr. Yeltsin said. "We need to minimize it if not exclude it altogether. This is what we're striving toward, and this is what this document is aiming at, the document on which arduous, very arduous work has been going on for several months."

The pact promises to cause the most dramatic upheaval in the alliance's history. Page 10.

There were indications that Russia made several concessions and accepted the inevitability of NATO expansion, but the text of the agreement was not made public. The two sides announced only that they had made "decisive progress" on key issues, including military problems. The pact now goes to the NATO countries and to Mr. Yeltsin for final approval.

President Yeltsin said the document was "satisfactory to us." At a final press conference with Mr. Solana outside a Foreign Ministry guest house, Mr. Primakov said, "It is a big victory for reason, it is a big victory for the world community and it is a big victory for Russia and all governments in the world interested in peace and cooperation."

The key issue was Russia's demand that the alliance not move military infrastructure or nuclear weapons into the newly admitted states. A Western diplomat said the agreement was parallel to NATO's earlier promises.

In December, NATO declared it had "no intention, no plan and no reason" to deploy nuclear weapons on the territory of the new member states, and in March

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Blair & Co. Outline Bold Plans for Britain

Focus: Schools, Health Care, Handguns

By Warren Hoge
New York Times Service

LONDON — Prime Minister Tony Blair pledged his government to an ambitious package of legislative promises Wednesday to bring the changes to Britain that he said were owed the country after his Labour Party's overwhelming victory in the May 1 election.

The government said it would create higher standards for Britain's underachieving schools, reform the overburdened National Health Service, establish legislatures for Scotland and Wales, strike up a more cooperative relationship with Europe, impose a total ban on handguns and make punishment for juvenile criminals harsher and quicker.

In making public his 26 legislative objectives and three "white paper" study issues for what looks to be a busy 18 months, Mr. Blair omitted expected proposals for a freedom of information law for Britain, Europe's most secretive society, and for a bill taking away the voting rights of hereditary peers, those members of the House of Lords who inherit the right to office from a parent. Both steps remain commitments for the future, said Peter Mandelson, a government minister who is Mr. Blair's closest associate.

There were also no specific recommendations for bringing the political parties under campaign-financing limits and accounting for the first time, nor for disciplining lawmakers caught in sex and money scandals, a subject that has been mentioned by Mr. Blair in the past.

There was a general pledge to restore respect for the House of Commons, and Mr. Blair still might bring forward a bill to put a cap on large donations and bar all foreign contributions, which go almost exclusively to the Conservative Party.

The outright prohibition of handguns, toughening what is already one of the most strict gun-control laws in any Western democracy, extends a ban enacted last year to include handguns of .22 caliber or less that people are still permitted to own as long as they are kept under secure conditions in gun clubs.

Mr. Blair held a meeting Tuesday at No. 10 Downing Street with parents of some of the 16 children shot and killed by a man wielding four handguns in the Scottish town of Dunblane in March 1996, the incident that gave rise to the public demand for gun control.

The proposals were made public in the centuries-old pageantry formally opening Parliament whose centerpiece is the Queen's Speech, a state of the union address laying out goals that is composed by the government and read by the Queen to the House of Lords. The monarch had made her passage from

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Cracking Down on Drug Traffickers

Tri Hien/The Associated Press

Vu Xuan Truong, the lead defendant, listening to the presiding judge announce his death sentence Wednesday in Hanoi. Captain Truong is one of 22 who were convicted.

Vietnam Sentences 8 to Die

Compiled by Our Staff From Dispatches

HANOI — A Vietnamese court on Wednesday sentenced eight people to die before a firing squad for organizing a heroin smuggling ring, and the Communist authorities said the verdict demonstrated their determination to combat a growing trafficking and addiction problem.

A panel of judges issued the death sentences after a jury found all 22 defendants guilty, bringing to an end the censored but highly publicized case — the largest drug trial in modern Vietnamese history.

Hundreds of people gathered outside the People's Court in the city center as the verdicts were read out in the case linked to an explosion in both international narcotics trafficking and domestic use of hard drugs.

In addition to the death sentences, eight people were given life terms in prison and six others received terms ranging from a suspended sentence to 20 years in jail — all for involvement in a trafficking ring that is said to have flooded Vietnam with hundreds of kilograms of heroin.

A Foreign Ministry official said that the rapid investigation, early trial and "harsh punishment had shown the Vietnamese government's determination not to compromise in the fight against drugs."

Half of those convicted were members of the powerful security establishment. Two police captains, including the lead defendant, Vu Xuan Truong, were among those sentenced to death.

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Meet the Upbeat In Hong Kong

For the Colony's Young Masters, Handover Is Just a Big Merger

By Sandra Sugawara
Washington Post Service

HONG KONG — It's Friday evening on Hong Kong's Lan Kwai Fong Street, and the bars are teeming with expatriates drawn to this British colony by its English language, Chinese soul and unruly capitalistic ways.

Hordes of twenty- and thirtysomething investment bankers, dressed variously in jeans and designer suits, down beers and unwind after a week spent pursuing Hong Kong's beloved pastimes of making deals and money.

On July 1, Britain will hand Hong Kong back to China, and these young high rollers will find out whether they and Hong Kong can still thrive under Beijing's rule.

***Joseph Yam, the head of Hong Kong's central bank,* says he can and will stand up to Beijing. Page 17.**

In other quarters of this city, teachers, journalists and taxi drivers have expressed fears about a loss of civil liberties. But in the bar one recent evening, there seemed to be little fear of the handover, for many have fixed their gaze on a different aspect of the change: the merging of Hong Kong's efficient capital-raising machines with one of the fastest-growing, and potentially largest, markets in the world.

China needs to build roads, ports and industries, to privatize companies and develop oil, gas and minerals — and it needs Hong Kong to help. Already, financial markets here have funneled billions of dollars into China's development, and bringing the two governments under one roof should only accelerate the process, many here believe.

Right now, the biggest bets are that the tighter links with China will make Hong Kong an even more profitable place for the financial world.

"I think it will be great for investment banking here," a Chinese-American investment banker said, yelling over the pounding music at Dillingers pub. Others note the rapid rise of small private businesses in China and efforts toward deregulation there, insisting that China hardly fits the strict definition of a Communist economy anymore.

A few days earlier, in an interview in Merrill Lynch & Co.'s

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AGENDA

Mobutu-Kabila Talks Canceled

POINTE NOIRE, Congo (AFP) — The Zaire peace talks between President Mobutu Sese Seko and Laurent Kabila, the rebel leader, have been called off, the United Nations special envoy, Mohammed Sahnoun, announced late Wednesday. Mr. Kabila's request that the ship on which the talks were to have taken place put out to the high seas was rejected.

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The Dollar

New York	Wednesday @ 4 P.M.	previous close
DM	1.6948	1.694
Pound	1.6465	1.6325
Yen	117.26	118.62
FF	5.707	5.7045

The Dow

	Wednesday close	previous close
+11.95	7286.16	7274.21

S&P 500

change	Wednesday @ 4 P.M.	previous close
+2.92	836.05	833.13

Bonn May Sell More of Telekom

The German government said Wednesday it was considering holding an emergency sale of shares in Deutsche Telekom to reduce its budget deficit in time to join the single currency. Page 13.

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Denmark	14.00 D.Kr.	Oman	1.250 Rials
Finland	12.00 F.M.	Qatar	10.00 Rials
Gibraltar	£ 0.85	Rep. Ireland	IR £ 1.00
Great Britain	£ 0.90	Saudi Arabia	10.00 R
Egypt	E£ 5.50	S. Africa	R12 + VAT
Jordan	1.250 JD	U.A.E.	10.00 Dirh
Kenya	K. SH. 160	U.S. Mil. (Eur.)	$ 1.20
Kuwait	700 Fils	Zimbabwe	Zm.$30.00

AT&T

She Deigned to Feel at Home

Relaxed Parenting in N.Y. Brings Swift Retribution

By Blaine Harden
Washington Post Service

NEW YORK — In this city where no one leaves anything on the sidewalk for fear it will get stolen, the relaxed parenting habits of Denmark are apparently unacceptable.

A Danish actress named Annette Sorensen found out just how unacceptable Saturday night when she parked her 14-month-old daughter, Liv, in a stroller outside the Dallas BBQ Restaurant on the Lower East Side and went inside to have a margarita with the child's father, an American from Brooklyn.

Such behavior toward a child while parents dine may be standard practice in Copenhagen, but it upset a New Yorker, who called the police. The police arrested the child's parents, kept them in jail for two nights and placed the daughter in the care of foster parents.

The trans-Atlantic episode did not exactly play well in Denmark. Reporters there found mothers at cafés wondering, in effect, if there wasn't something rotten in New York. And the Danish tabloid B.Y. blared on its front-page on Wednesday: "Dane in a grotesque nightmare in New York: Police stole my baby."

A family court judge ordered Tuesday that the toddler be released to her mother Wednesday afternoon. The city's Administration for Children's Service will continue to monitor the child's safety until the parents appear in court May 21 on charges of endangering the welfare of a child, a spokesman for the Office of Court Administration said.

"Please give me my baby!" Miss Sorensen shouted in a Manhattan courtroom as she and the child's father, Exavier Wardlaw, were arraigned Monday. "I didn't think twice about it. We do this in Denmark all the time."

Miss Sorensen had positioned the baby stroller just outside a plate-glass window of the restaurant in a chained-off area of outdoor tables and chairs. She and Mr. Wardlaw sat indoors a few feet from the child, said David Kirsch, an attorney for Mr. Wardlaw.

Maggie Lear, a spokeswoman for the Administration for Children's Services, said patrons at the restaurant had noticed that the child was crying and that on a cold evening she had

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Don Halasy/The Associated Press

The police didn't like it that Liv Sorensen waited outside while her parents had a drink in a New York restaurant.

Subcontinent Summit Talks Produce a Wake-Up Call

By John F. Burns
New York Times Service

MALE, Maldives — A summit meeting of the seven nations that share the Indian subcontinent and the ocean around it ended here Wednesday with what their leaders acknowledged was a wake-up call to themselves and the 1.2 billion people they represent.

They conceded that their failure to curb the hostilities that have set the pattern for relationships in the region for the last 50 years had cost all of their countries dearly in terms of lost trade and, as a result, lost opportunities for their populations.

As he brought down the gavel on the three-day meeting, the president of Maldives quietly alluded to the fact that all trade between the seven countries — India, Pakistan, Bangladesh, Nepal, Bhutan, Sri Lanka and Maldives — accounts for barely 1 percent of total world trade.

Unmentioned by Maumoon Abdul Gayoom, the Maldivian president, was that this trade has been achieved by populations that account together for nearly 20 percent of all mankind.

While much else has contributed to keeping the region mired in a degree of poverty that is unmatched anywhere but Africa, most if not all of the leaders represented in Male seemed ready to concede — and in a public manner that has been far from common in the region — that they, or at least the political class they represent, has much to answer for in having failed to curb the hostilities that

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Testing the Welfare System: EU Finds Poverty at 17%

By Tom Buerkle
International Herald Tribune

BRUSSELS — The first pan-European study of income distribution has found a surprisingly high level of poverty, with one European in six living in a poor household, the statistical agency Eurostat reported Wednesday.

The study found that 57 million Europeans, or 17 percent of the population, lived in poverty in 1993, the latest year for which data were available.

Although definitions of poverty vary significantly, that rate exceeded the 13.8 percent of the U.S. population, or 36.4 million people, deemed to be living below the American poverty line in 1995, according to the most recent report by the U.S. Census Bureau.

The European study also found significant income disparities, with the top 20 percent of the population enjoying an income nearly seven times as great as the bottom 20 percent. A recent UN report found that the top 20 percent of Americans had nine times the income of the bottom 20 percent.

Officials at the European Commission, the executive agency of the European Union, termed the figures alarming. Padraig Flynn, the commissioner for employment and social affairs, said the study reinforced the case for new provisions to combat poverty and social exclusion when EU leaders meet in Amsterdam next month to discuss revisions to the Union's governing treaties.

"The statistics underline the importance for tomorrow's Europe to be able to reach out to weaker and more vulnerable people in the Union," Mr. Flynn said.

The findings provided grist for Europe's debate about social welfare systems. Those generous systems, which demand generous contributions from employers and workers, have been widely criticized as a cause of Europe's higher levels of unemployment, and benefit levels have been trimmed by governments striving to qualify for a single European currency. But the study indicated that welfare systems do indeed reduce poverty and inequality, just as they were designed to do.

Poverty rates were lowest in the countries with the most extensive welfare systems, led by Denmark,

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France's School Grind / **Booked-Up Children**

Weight of Academia Leaves a Nation's Pupils Buckling

By Charles Trueheart
Washington Post Service

PARIS — All French schoolchildren carry the burden of this country's exacting academic traditions: rigorous study of the classic disciplines, long school days in austere surroundings, hours of homework at night. But no burden is so heavy, no weight so dead, as the one they carry on their backs.

Every school-day morning and evening, the streets of Paris are filled with children and teenagers staggering under the weight of big, hard-sided backpacks, groaning with textbooks, notebooks and myriad other necessities of school life.

Not even the youngest are spared the obligation of ferrying many kilograms of knowledge back and forth across the city. This often leads to the sight of parents listing to one side with a nine-kilogram (20-pound) backpack slung over a shoulder, struggling to keep up with the unburdened child.

"Friday is the worst," lamented Valere Duval de la Guierce, 12 and a sixth-grader in suburban Boulogne. That is the day he is required to carry five books, one big ring binder, seven notebooks, his pen-and-pencil case, his calculator and a dictionary.

Thursday nights, he can spend as many as three hours doing homework after dinner, on top of two study periods during his 8:30-to-6:15 school day. When he comes home Fridays, he said, he is so exhausted he flings his backpack on the floor and throws himself on the couch to rest.

But, he added: "I've never complained. Our professors talk about it, and they've been talking to the minister of education." Valere is correct. In France, the long-suffering children and conscience-stricken parents have begun to shake the official education establishment with their concern.

Education Minister Francois Bayrou has asked for a special legislative report on what has become a weighty issue of state. The author of the study, Jean-Yves Haby, who is a Paris-area legislator, found that at virtually every level students were carrying more, sometimes much more, than the recommended maximum of 10 percent of body weight. A medical study of 1,178 students ages 5 through 20 in Grenoble, southeastern France, found more than half suffering from problems of the vertebrae.

Alex Noyer, 17 and in his last year at a Paris high school, is one of thousands of French students who has had to see a doctor about a developing case of scoliosis, or curvature of the spine, brought on at least in part by carrying up to 14 kilograms of scholarly weight on his back every day.

"My spine turned out to be a bit curved," he said.

Most French city schools are not equipped with lockers, and students feel lucky to have the use of small, unlockable cubbyholes. But that is no help in the daily commuting, most of it on buses and subways or by foot or bicycle. Every course requires homework, and every course seems to have its own texts, readers and workbooks.

The most afflicted group, the legislative report said, is sixth-graders, who carry more than a quarter of their average body weight — a burden whose adult equivalent would be over 18 kilograms. For a 30-kilogram third-grader, a 7-kilogram backpack is heavy.

MR. HABY'S report diffuses the blame for the crisis: Parents do not exercise enough supervision or judgment over what goes into the backpack. School administrators do not coordinate the aggregate amount of homework the students have to complete every night. Teachers do not weigh the effects of their assignments. Even textbook publishers insist on using heavy covers on their books.

Mr. Bayrou, the education minister, expressed preliminary approval of recommendations to brake the trend toward turning this country's future generations into misshapen and exhausted beasts of burden.

The report only alludes to the overarching problem, the one that drives the homework in the first place: a culture of competitiveness that would be considered nearly Japanese in its intensity, a stress on long hours of hard work, an educational system that locks in early and dictates strictly what socioeconomic rank a person will enjoy in later life.

In a recent published interview, Mr. Bayou compared French students to *bêtes de concours*, or animals trained for competition, and said the problem was "mainly created by parents, not schools."

He called it a "pitiless rule" that "it is very difficult to be recognized in French society" if one has not earned a diploma by the age of 20. He said this was "true in business, in government, in politics."

France's current efforts to become globally competitive, and its nagging sense of being left behind as economies boom across Asia, only reinforce that determination among the most motivated parents. But not all parents are comfortable with this approach.

"It's not the schools — it's the Ministry of Education that sets the curriculum," said Jacqueline Bouteillon, whose older daughter spent three years in Philadelphia schools. "The teachers have a hard time completing it."

AFTER that experience, Mrs. Bouteillon said, she concluded that "the French system is very bad for the confidence of the kids."

Mrs. Bouteillon added that the system "crushes" the children, who "get very tense."

"The French educational system exists to create elites, to filter out the 10 percent who are the very best students," she said. "They don't care as much about the rest."

As for the symbolic problem of the backpack, students have developed ways to get around it — sharing a particularly heavy textbook (as long as it is not needed at home) or using a backpack on wheels with a long handle, like a rolling suitcase. For the younger children, dragging a wagon-load of textbooks may be acceptable, but in the older grades, it is less than cool.

"Their parents make them do it. It looks absolutely stupid," said Marie Bouteillon, a tenth-grader in Paris.

"And it's very impractical" in a school like hers, she added, with "lots of stairs and no elevators."

Stanislas Duval de la Guierce, 10, was as stoic as his older brother Valere.

"The kids don't complain," he said. "The reason we go to school is to work. That's the way it's been decided."

Mychelle Daniaux/Agence France-Presse

Not even the youngest French children are spared the obligation of ferrying many kilograms of knowledge back and forth across the city.

Labor Party Pushes Peres To Sidelines

By Joel Greenberg
New York Times Service

JERUSALEM — Israel's opposition Labor Party has shut the door on the continued leadership of Shimon Peres by voting down a proposal to create for him the post of party president. This set the stage for election of a new party leader next month.

Mr. Peres vowed to remain in the public eye and to keep working for peace with Israel's Arab neighbors.

A party convention in Tel Aviv voted decisively to put off a debate on Mr. Peres's appointment to a proposed post of president until September, well after a new party leadership is due to be chosen June 3. Mr. Peres had already said that if the debate were deferred, he would not seek the new position.

The vote Tuesday night heralded the end of Mr. Peres's formal leadership of Labor. It was a resounding victory for his rival and the front-runner to succeed him as head of the party, Ehud Barak, a former army chief of staff.

Mr. Barak's proposal to defer the debate on the presidency won more than 60 percent of the convention delegates' votes. But fierce infighting preceded the vote, showing that he will have to work to mend divisions in the party.

Mr. Peres, who won the Nobel Peace Prize for his role as foreign minister in negotiating the Palestinian-Israeli accords of 1993, led the Labor Party in five campaigns, starting in 1977.

Under his leadership, however, the party never won decisively. It came close enough that Mr. Peres served as prime minister while Labor shared power in the 1980s with Likud, and he returned to the prime minister's office after the assassination of Yitzhak Rabin in 1995.

But he and Labor were turned out of office last year when the Likud leader, Benjamin Netanyahu, narrowly won a bitterly fought national election.

In a long speech Tuesday night that reviewed his career, Mr. Peres vowed to continue working for peace. "I don't need any formal mandate," he said, "as long as I have the strength, because time is burning away, and if the time won't burn in our bones, we will lose our opportunity, and the children will never forgive us."

Later, Mr. Peres said he had no intention of retiring from political life. "It's not a failure that I don't win a majority," he said. "A failure is when a person doesn't struggle for what he believes in. As long as I can act, I will work for peace. I am not resigning, running away or going out. I'm staying."

Mr. Peres's remarks, in which he said he felt "completely free" to promote his ideas from any platform, raised speculation that he might pursue a political path outside Labor, perhaps even within Mr. Netanyahu's government.

But Mr. Barak, who fought to strip the proposed party presidency of the policy-making powers that Mr. Peres had wanted, promised to seek his counsel. "We will continue to lean on Shimon's experience, inspiration and greatness on our way back to government and also to peace," he said.

Dutch Set to Save Kennedy Airport

Down the Road for International Travelers: A Mall With Planes

By Neil MacFarquhar
New York Times Service

NEW YORK — The master panel displaying incoming flights at the International Arrivals building at Kennedy International Airport is mounted on the back wall of the second floor, its position so remote that people waiting for passengers have to mount a flight of stairs and slalom through a food court to see it.

It is a 1960s relic, made of little black and white letters that flip over like an alarm clock of similar vintage. In the universe of flight information, it is like a DC-3: usually trustworthy, but you cannot always find spare parts.

The antiquity of the master panel reflects how outdated many parts of Kennedy have become: The airport ranks among the lowest in surveys of international airline passengers.

On Tuesday, the airport's new management team spent the day trying to find a polite way to say that the Port Authority of New York and New Jersey left behind a dilapidated antique.

"This is the United States, where they put people on the moon," said Jan Jansen, the new general manager of the airport. "This stuff is a shock."

Mr. Jansen is a vice president of Schiphol USA, the Dutch part of a private Dutch-American consortium that will tear down the building piece by piece over the next four years and construct a new one modeled after Amsterdam's airport.

The Dutch own 40 percent of the consortium. The main American partners are LCOR, a real estate company, and Lehman Brothers.

As an example of the airport's outdatedness, take the way its workers learn what planes have arrived. A job long ago given to computers in the rest of the developed world involves a primordial fax at Kennedy, with the flight numbers written on a kind of drum that transmits it to printouts elsewhere in the building.

"It works," Mr. Jansen said helpfully.

The terminal opened in 1957, as America's state-of-the-art gateway. The problem is that over the decades it stayed mostly in the same state, though Port Authority officials involved in the transfer began to be offended when people called it a wreck.

"It is by no means a wreck," said Barry Abramowitz, head of the redevelopment of Kennedy for the Port Authority, a process expected to absorb more than $4 billion in the next five years. "It is a building that has gone as far as it can go, it is a 40-year-old structure that can't be carried much further."

The Dutch admit stealing the concept for the airports they run from the United States. Kennedy will be airport-cum-shopping-mall, designed to generate enough money to pay the Port Authority $12 million a year and as much as $60 million a year for the 30-year lease.

The mall-with-airplanes idea that forms the core of the new $1.2-billion terminal is one that has proved popular among passengers. They ranked Amsterdam's Schipol airport No. 4 among the largest 54 included in a 1996 survey by the International Air Transport Association. No. 1 is Singapore, which was also designed by the Dutch.

The basic idea is to move passengers from parking lot to check-in counter to airplane with such ease that they forget they are traveling and go on shopping binges instead.

The plan also includes a lot of glass so passengers can keep an eye on their airplane lest they get nervous. Schipol USA said Schiphol airport made $70 million in profit last year.

TRAVEL UPDATE

Plane's Risky Cargo

WASHINGTON (WP) — A shipment of oxygen generators similar to those involved in the ValuJet crash last year was inadvertently transported on a Continental Airlines flight in mid-April, according to Jim Hall, chairman of the National Transportation Safety Board.

The generators, blamed for an explosive fire on the Valujet plane, caused no damage or injuries.

Small Airports Suffer

WASHINGTON (AP) — Aviation officials say anti-competitive practices have driven up air fares and reduced services for some smaller airports since the ValuJet crash a year ago. Once the government focused on the safety of low-fare carriers, said Charles Hunnicutt, a Transportation Department official, major carriers stepped up their competitive activities.

French Rail Disrupted

PARIS (Reuters) — As a new strike by train controllers began disrupting French rail traffic Wednesday, the state-run railroad company, SNCF, said it was likely to extend to Friday afternoon.

The Bosnia-Hungary train will be restarted in September to connect Sarajevo by rail to a country outside former Yugoslavia for the first time in six years. *(AP)*

WEATHER

Europe

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Algarve	19/66	13/55 c	18/64	11/52 r
Amsterdam	18/64	14/57 pc	24/75	15/59 c
Ankara	28/79	8/46 pc	29/79	8/46 pc
Athens	29/73	16/61 s	23/73	15/61 pc
Barcelona	22/71	14/57 pc	19/66	13/55 sh
Belgrade	27/80	12/53 s	29/84	14/57 s
Berlin	23/73	15/59 r	28/82	16/61 pc
Brussels	19/66	16/61 sh	26/79	16/61 c
Budapest	27/80	14/57 pc	29/82	14/57 s
Copenhagen	17/62	9/48 pc	19/66	9/48 pc
Costa Del Sol	24/75	11/52 pc	18/64	11/52 sh
Dublin	15/59	10/50 s	17/62	12/53 sh
Edinburgh	16/61	6/43 pc	16/61	12/53 sh
Florence	29/84	16/61 pc	29/84	15/59 pc
Frankfurt	28/79	14/57 pc	28/82	14/57 pc
Geneva	25/77	12/53 pc	24/75	11/52 c
Helsinki	15/61	2/36 c	14/57	0/32 pc
Istanbul	25/77	13/55 s	25/77	14/57 s
Kiev	29/79	15/59 s	28/82	14/57 pc
Las Palmas	21/70	16/61 s	21/70	17/62 s
Lisbon	17/62	13/55 sh	17/62	13/55 r
London	20/68	13/55 s	23/73	16/61 r
Madrid	24/75	9/48 c	21/70	9/48 r
Mallorca	21/70	15/59 pc	18/64	14/57 sh
Milan	28/82	15/59 pc	28/82	15/59 pc
Moscow	18/64	11/52 pc	19/66	11/52 pc
Munich	25/77	12/53 pc	24/75	12/53 pc
Nice	24/75	17/62 pc	23/73	16/61 pc
Oslo	14/57	6/43 pc	17/62	7/44 pc
Paris	19/66	16/61 sh	26/79	16/61 pc
Prague	27/80	13/55 s	27/80	13/55 s
Reykjavik	6/43	3/37 pc	8/46	6/43 c
Riga	17/62	6/43 r	16/61	4/39 s
Rome	29/79	14/57 pc	28/79	14/57 pc
St. Petersburg	16/61	5/41 pc	13/55	3/37 pc
Stockholm	14/57	4/39 s	12/53	2/36 r
Strasbourg	27/80	16/61 pc	27/80	14/57 pc
Tallinn	16/61	3/37 c	13/55	1/34 pc
Tbilisi	24/75	11/52 pc	24/75	12/53 c
Venice	28/79	16/61 s	28/79	16/61 s
Vienna	27/80	14/57 s	27/80	14/57 s
Warsaw	28/82	15/59 pc	27/80	13/55 pc
Zurich	24/75	13/55 c	23/73	12/53 c

Middle East

Abu Dhabi	33/91	19/66 s	34/93	20/68 s
Beirut	27/80	19/66 pc	27/80	17/62 pc
Cairo	34/93	18/61 s	36/97	17/62 s
Damascus	32/89	15/59 s	31/88	13/55 s
Jerusalem	29/84	14/57 s	27/80	12/53 s
Luxor	41/106	18/66 s	43/109	19/66 s
Riyadh	36/100	23/73 s	39/102	24/75 s

Forecast for Friday through Sunday, as provided by AccuWeather.

Jetstream · Unseasonably Cold · Unseasonably Mild · Heavy Rain · Heavy Snow

North America
Still rather cool and windy across New England Friday and Saturday, then sunny and nice Sunday. New York and Philadelphia will be warm and pleasant with sunshine this weekend. Thunderstorms will fire up across the northern Plains Friday and move into the Midwest this weekend.

Europe
Most of Europe will be warm Friday through Sunday, with a good deal of sunshine. Berlin, Paris and Rome will have some sunshine with readings in the middle and upper 20s, while London will be in the lower 20s with some sun and a shower. Cool with soaking rain across Spain.

Asia
Windy and cool in Beijing Friday despite lots of sun, then warming up a bit over the weekend. It could thunderstorm in Tokyo Friday, then cooler Saturday and Sunday. Seoul will also be cool this weekend. Humid with scattered showers in southeastern China. Still hot and dry across most of India.

North America

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Anchorage	11/52	2/35 pc	12/53	5/41 pc
Atlanta	24/75	11/52 pc	22/71	12/53 sh
Boston	18/64	9/48 sh	19/61	7/44 sh
Chicago	11/52	4/39 c	12/53	4/39 pc
Dallas	28/79	18/61 t	26/79	18/61 t
Denver	28/79	9/48 t	24/75	9/48 pc
Detroit	11/52	2/36 sn	12/53	3/37 pc
Honolulu	29/79	18/66 pc	27/80	19/64 pc
Houston	28/84	19/64 pc	27/80	17/62 t
Los Angeles	30/86	18/61 s	31/88	18/61 pc
Miami	30/86	23/73 t	31/88	23/73 pc
Minneapolis	10/50	-1/31 pc	16/61	6/43 pc
Montreal	12/53	4/39 r	12/53	1/34 r
Nassau	31/88	24/75 pc	31/88	23/73 pc
New York	21/70	11/52 sh	18/64	10/50 pc
Orlando	30/86	19/66 pc	29/84	19/66 pc
Phoenix	39/102	23/73 s	37/99	22/71 pc
San Fran.	23/73	13/55 s	20/79	13/55 pc
Seattle	22/71	11/52 pc	23/73	12/53 pc
Toronto	9/48	-1/31 r	9/48	-3/27 pc
Vancouver	21/70	12/53 pc	23/73	12/53 pc
Washington	22/71	10/50 s	20/68	9/48 pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, i-ice, W-Weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1997

Asia

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Almaty	24/75	9/48 s	21/70	7/44 pc
Bali	33/91	22/71 s	33/91	22/71 s
Bangkok	34/93	25/77 pc	33/91	24/75 pc
Beijing	33/91	10/50 s	26/79	13/55 s
Bombay	33/91	24/75 s	33/91	28/79 s
Calcutta	37/99	24/75 s	37/99	24/75 s
Chiang Mai	34/93	24/75 pc	33/91	23/73 pc
Colombo	28/82	22/71 r	29/84	23/73 r
Hanoi	28/84	24/75 sh	29/84	24/75 c
Ho Chi Minh	33/91	25/77 r	33/91	25/77 pc
Hong Kong	27/80	23/73 sh	28/82	23/73 c
Islamabad	36/97	17/62 s	36/97	19/66 s
Jakarta	31/88	24/75 pc	31/88	24/75 pc
Karachi	37/99	24/75 s	37/99	24/75 s
K. Lumpur	32/89	23/73 pc	32/89	23/73 sh
K. Kinabalu	31/88	22/71 r	31/88	22/71 r
Manila	33/91	22/71 s	32/89	22/71 s
New Delhi	41/106	21/70 s	41/106	23/73 s
Phnom Penh	33/91	23/73 pc	33/91	24/75 pc
Phuket	34/93	25/77 pc	33/91	24/75 pc
Rangoon	33/91	24/75 pc	33/91	25/77 pc
Seoul	27/80	14/57 c	26/79	8/46 pc
Shanghai	29/82	20/68 c	27/80	14/57 pc
Singapore	31/88	22/71 r	31/88	22/71 c
Taipei	29/84	23/73 pc	29/84	23/73 pc
Tokyo	26/79	22/71 r	27/80	22/71 pc
Vientiane	29/84	23/73 sh	30/86	24/75 c

Africa

Algiers	20/68	12/53 c	22/71	12/53 pc
Cape Town	19/66	9/48 pc	23/73	12/53 s
Casablanca	18/64	11/52 s	18/64	11/52 pc
Harare	31/88	10/50 s	31/88	11/52 s
Lagos	31/88	23/73 pc	30/86	23/73 pc
Nairobi	23/73	14/57 sh	24/75	13/55 sh
Tunis	23/73	14/57 c	23/73	13/56 c

Latin America

Buenos Aires	22/71	12/53 pc	22/71	13/55 c
Caracas	28/82	23/73 pc	29/84	24/75 pc
Lima	24/75	18/64 pc	23/73	18/64 pc
Mexico City	23/73	11/52 c	24/75	11/52 pc
Rio de Janeiro	21/70	15/59 pc	19/66	16/61 c
Santiago	19/66	7/44 pc	14/57	2/35 sh

Oceania

Auckland	17/62	11/52 c	15/61	10/50 pc
Sydney	18/64	14/57 c	19/66	19/64 r

747 Will Suffer For Safety's Sake

Reuters

LONDON — An old Air France jumbo jet will be blown up Saturday in the name of passenger safety.

The aviation regulators of Britain and the United States are sponsoring an experiment to find new ways of designing aircraft to protect against bombs. Four bombs will be exploded inside the cargo hold of a Boeing 747 while it is parked at a former U.S. air base at Bruntingthorpe, England, about 100 miles (160 kilometers) north of London.

German Passport Holders heading for Singapore in May. 50% off at the stylish boutique hotel in Orchard Road, Singapore.

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GERMANY	DEM	140	72	49
GREAT BRITAIN	£	47	22	53
HONG KONG	HK$	476	284	40
ITALY	LIT	169,800	58,000	66
JAPAN	¥	25,500	12,150	52
MALAYSIA	RM	183	101	45
NETHERLANDS	NLG	140	76	46
SINGAPORE	S$	182	82	55
NORWAY	NOK	550	390	29
SPAIN	PTAS	11,700	5,000	57
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THE AMERICAS

Mideast Cells Edge Into U.S., Raising Fears Of Terrorism

By Roberto Suro
Washington Post Service

WASHINGTON — *Major Middle* Eastern terrorist groups have established cells within the United States, and in the last six months two U.S. embassies overseas have been the targets of *bomb plots, federal officials* say.

In congressional testimony that projected growing dangers from domestic and international terrorists, the director of the FBI, Louis Freeh, said Tuesday that he had tripled the bureau's counterterrorism efforts over the past three years and now has 2,600 positions dedicated to this area of crime-fighting.

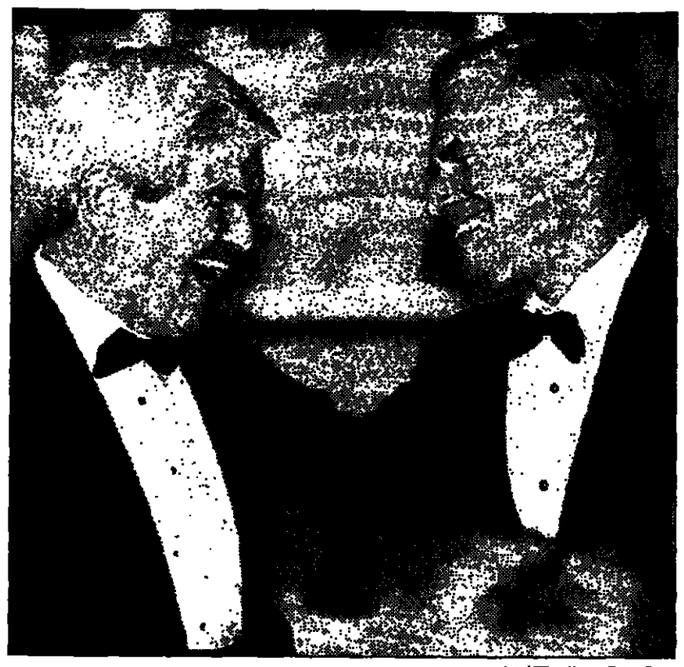
Mr. Freeh testified about the Clinton administration's counterterrorism efforts along with Attorney General Janet Reno and the acting director of the CIA, George Tenet.

"Terrorists are developing increasingly complex ways to support their operations," Mr. Tenet said, noting the use of front companies and nongovernmental organizations to disguise operations. "They have the *means* to move money, material and manpower around the world." Faced with widespread and diverse threats, Mr. Tenet said the CIA had created a new Terrorism Warning Group whose mission "is to make sure that civilian and military leaders are *alerted to specific terrorist threats.*"

Without elaborating, Mr. Tenet said that in cooperation with the FBI and the State Department "we've averted bombs at two American embassies at locations overseas" in the last six months. A senior intelligence official *said that Mr. Tenet was referring to* "serious, specific bomb threats" rather than two individual devices.

Mr. Freeh noted that several Middle Eastern terror groups had "placed supporters inside the United States who could be used to support an act of terrorism here." Among them, he said, are Hamas and Hezbollah.

"Leaders of the Senate Appropriations Committee went out of their way to ensure that whatever funding was necessary would be provided for counterterrorism initiatives but questioned whether the Clinton administration had a coherent plan for these efforts. "What we need to address is how we're anticipating potential terrorist events, and whether or not we have adequate coordination between the various agencies," said Senator Judd Gregg, Republican of New Hampshire.



Jamal Wilson/Agence France-Presse

Newt Gingrich, left, and Charlton Heston at the Republican gala.

New Frontiers in Fund-Raising

Republican Gala Introduces a Special Species of Political Donor

By Francis X. Clines
New York Times Service

WASHINGTON — In a lucrative display of the resilience of big-money campaign fund-raising, the Republican Party raised $11.3 million at a black-tie gala that saw the political arena's generosity bar raised — and cleared — by a new class of $250,000 donors.

The new top-dollar contributors, designated "co-chairmen," will be entitled to various "gala benefits," including access to two more special meals to hear the speaker of the House, Newt Gingrich, and the Senate majority leader, Trent Lott, discuss congressional and election strategies.

While the Republicans hailed the dinner Tuesday as a success, street demonstrators denounced it as the latest evidence that both major parties were in the thrall of big-money donors with privileged access to the nation's political hierarchy.

"Our point is the fat-cat fund-raisers shouldn't go unnoticed," said Ellen Miller, director of Public Campaign, an advocate of campaign overhaul who helped organize the demonstrators. "While the rich and special interests party with lawmakers, the people are left on the outside."

All 2,000 dinner settings were sold at $1,000 each, which provided a significant piece of the evening's $11.3 million gross and allowed party officials to describe the gathering as a vote of confidence in Republican fund-raising methods. This, they said, contrasts with the re-election financing excesses of the Democratic Party and President Bill Clinton now being investigated in advance of hearings this summer by the Republican-controlled Congress.

"This is 2,000 party leaders and party supporters celebrating the Republican victories of 1996," Mary Mead Crawford, spokeswoman for the Republican National Committee, said of the evening of filet mignon, salmon and speechifying. "We weren't inviting drug smugglers and arms dealers into intimate gatherings and dialing for dollars from federal property," she added in an allusion to complaints about Mr. Clinton's fund-raising.

A total of four donors, the party said, met the new standard either to gather a contribution of $250,000 or to give it individually: Amway Corp.; Philip Morris Cos.; Julie Finley, a local party chairwoman and fund-raiser from the District of Columbia, and Jim Rappaport, a real-estate developer and lawyer from Massachusetts.

As the Republicans gathered to break bread, the Democratic National Committee took to the attack. The Democrats, troubled by their own problems requiring the return of millions of dollars in foreign donations, noted that the Republican Party announced only last week that it was returning more than $120,000 contributed by a Hong Kong company that funneled its cash through a U.S. subsidiary that had no assets at all.

Fund-raising reform was not mentioned in the speeches by Mr. Lott, Mr. Gingrich and the evening's keynoter, Governor Christine Todd Whitman of New Jersey. Beyond the co-chairman designations for $250,000 donors, there was a sliding scale for donors, from $100,000 "vice chairmen" to $45,000 "deputy chairmen," with each group garnering special party entitlements.

Revenge of the Wronged

N.Y. Co-Op to Pay for Denying Sublet to Black

By Benjamin Weiser
New York Times Service

NEW YORK — When Gregory and Shannon Broome, two young lawyers, found the apartment of their dreams a few years ago in the elegant Beekman Place neighborhood on Manhattan's East Side, they were ready to move in.

But when Mr. Broome went to the red brick neo-Georgian cooperative building at 425 East 51st Street to meet with the president of the co-op, everything changed. He and his wife were eventually told they could not sublet the apartment.

Mr. Broome, who is black, and his wife, who is white, believed that they were victims of racial discrimination. And court testimony later showed that a co-op board member had scribbled "black man" on a notepad in discussions about the couple's application.

Last week, a federal jury in Manhattan agreed that they had been the victims of discrimination, awarding them $640,000 in damages — including $410,000 in punitive damages against the Beekman Hill House and its board members.

The verdict, which legal experts said may be the largest ever in a racial discrimination case against a Manhattan cooperative, was noteworthy because it was one of the few such cases to succeed against a co-op, and it laid bare what some critics of co-op boards say is a common practice.

Board members denied that race was a factor in their decision to reject the Broomes.

Testimony showed that one indicated that he opposed welcoming Broome to the building because he found him "aggressive" and "arrogant" and possibly litigious.

But Judge Robert Carter observed at one point, without the jury present, that the board's characterization of Mr. Broome as "arrogant" at least suggested that the Broomes had made a case that they had been victims of discrimination, since "arrogant," he said, was itself a "code name for racial discrimination."

"In earlier times, when the term was a little cruder, it was called uppity," the judge added. "But now it is a little more civilized, and it's arrogant. That's the word that's used."

POLITICAL NOTES

Why N.Y. Rent Control Survives

NEW YORK — What is it about New York City that has made the state's three most prominent Republican politicians — all vocal champions of free-market capitalism — turn their back on the free market when it comes to rent?

Why are Mayor Rudolph Giuliani, Senator Alfonse D'Amato and Governor George Pataki loath to bring a quick end to a 50-year-old rent-control scheme that legions of economists and urban planners agree is the principal cause of the most Byzantine housing market in America?

The answer, in a word, is votes.

"It is my experience that whenever it is convenient for politicians to abandon the principles of the free market for some other principle that will help them get elected, they will do so instantly," said Anthony Downs, an economist and urban housing expert at the Brookings Institution who opposes rent control.

Echoing other economists who specialize in housing policy, Mr. Downs describes rent laws in New York as "just stupid."

Be that as it may, there are more than 2 million tenants living in rent-regulated apartments in New York City, and these tenants are volubly unhappy about the prospect of having to give up homes they have lived in for decades if landlords are allowed to raise their rents to market rates.

The majority leader of the New York State Senate, Joseph Bruno, wants rent control laws to expire in June. Mr. Bruno, a Republican, has nothing to fear from his constituents the issue since there is no rent control in his district, and he has little sympathy for the residents of New York City, most of whom vote Democrat. *(WP)*

Nixon Library May Get Tapes

WASHINGTON — Visitors to the Nixon Library and Birthplace in Yorba Linda, California, may be able to hear the notorious Oval Office recordings of former President Richard Nixon for themselves once a legal settlement with the National Archives is reached.

But be warned: The most remarkable and unusual materials of any former president are also the most difficult to decipher. The 3,700 hours of secret recordings covering meetings and phone calls over a two-year period are so marred by background noises that many conversations are hard to figure out.

About half the tapes contain no conversations at all. The system was sound-activated, and so sensitive that virtually any noise turned the tape recorder on.

The National Archives to date has made available about 260 hours of the president's talks with top aides, having deleted national security secrets and family matters in response to litigation by Mr. Nixon, who died in 1994, and his heirs. To hear the tapes, one must visit an archives building in suburban Maryland. But talks now under way could move the tapes to the private Nixon library as part of a settlement with the president's estate. *(LAT)*

Quote / Unquote

Samuel Berger, the national security adviser, on the White House's caution in approving the appointments of senior officials around Secretary of State Madeleine Albright: "Madeleine has the strongest team in government, but unfortunately they're all off the field." *(NYT)*

AMERICAN TOPICS

Law of the Asphalt Jungle

It's a jungle out there in the parking lots of America.

A recent study has found that people leaving parking spaces really do leave more slowly if someone is waiting for the spot. Honking makes things worse.

A study of more than 400 drivers at an Atlanta-area mall found that motorists defend their spots instinctively.

"Like our ancestors, we *humans* still defend territories," said Barry Ruback, a Penn State University sociologist. "This, despite the fact that when you're leaving, the whole point is to leave. There's nothing to be territorial about."

Mr. Ruback and an associate, Daniel Juieng, found that drivers took an average of 32.2 seconds to pull out of a spot after opening the car door. If someone was waiting, they took seven seconds longer. Honking delayed the process by four seconds.

Men, but not women, were influenced by the status of the car waiting for the spot. When it was a luxury car, they left in 30 seconds. For an old station wagon, they took 9 seconds longer.

Short Takes

One's chances of dying from a bolt of lightning are 30 times those of dying from a shark attack in the United States. Avoiding the ocean improves those chances.

They take their coffee seriously in Seattle. Coffee bars seem to be everywhere, and those stuck in the office or at home can call an Espresso Ambulance for an emergency delivery.

One coffee maker there, Scientific American reports, checks the barometric pressure before brewing the stuff.

Fanatical, yes, but then coffee has always aroused strong passions. Four hundred years ago, according to John Potter, a Seattle researcher, Pope Clement VIII was urged to ban coffee because it came from the Islamic world. He tasted it, Mr. Potter said, decided it was delicious and actually baptized it.

International Herald Tribune

Away From Politics

• **A man was executed by injection** in Huntsville, Texas, for fatally shooting a Houston-area bait shop owner during a botched robbery 13 years ago. Anthony Ray Westley, who was put to death for killing Frank Hall, maintained his innocence to the end. For *his last statement*, he turned to members of his victim's family, who watched through a window a few feet away. "I didn't shoot your husband," he said with a shaky voice. *(AP)*

• **John du Pont, the mentally disturbed** heir to a chemical fortune, received a 13- to 30-year sentence on Tuesday for the murder of David Schultz, an Olympic wrestler who lived at Mr. du Pont's training center in suburban Philadelphia. Mr. du Pont, 58, will receive psychiatric treatment while serving *his sentence.* *(NYT)*

• **James Earl Ray's hunting rifle was flown** to South Kingstown, Rhode Island, for tests to determine once again if it is the gun that killed Martin Luther King Jr. A Tennessee judge allowed the tests at the request of defense lawyers for Mr. Ray, who pleaded guilty to the 1968 assassination but recanted days later. *(AP)*

• **The Queen Mary will** stay in Long Beach, California. The city council voted to reject anoffer from Japanese developers to tow the 1930s-teraliner to Tokyo Bay. The city will seek ways to finance $32 million in repairs. *(LAT)*

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The European Index Conference 1997

The Euro & The Exchanges: Implications for Multinationals and Financial Markets

The Grand Hotel, Amsterdam, June 20

This conference, timed to follow the Amsterdam Summit, which marks the end of the Dutch Presidency of the EU, will debate the Euro's potential impact on multinationals and financial markets.

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Peter Jay, *Journalist, writer & broadcaster*
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For further information on how to register for this event please contact: [illegible] International Herald Tribune Conference Office, 63 Long Acre, London WC2E 9JH. Tel: +44 (0)171 836 4802. Fax: +44 (0)171 240 2801. E-mail: [illegible]

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THE WORLD'S DAILY NEWSPAPER

The Netherlander

ASIA/PACIFIC

Organized Crime Gangs Unleash a Power Struggle in Streets of Macau

By Keith B. Richburg
Washington Post Service

MACAU — When they first heard the pop-pop-pop, the salesclerks at the Parannie boutique on the fashionable Avenida da Praia Grande thought it was a bomb. After all, a local bank was just across the street, and the sound of exploding gasoline bombs is not uncommon in this once sleepy, now violence-plagued Portuguese-run enclave on China's southern coast.

But the commotion on May 4 was no bomb. When the salesclerks raced outside, they saw three men slumped inside a white Toyota, the windows shattered by bullets and the interior stained by blood.

They were the latest victims in a war between rival "triads." One of the victims that rain-soaked Sunday was Sek Weng-cheong, who the police and local intelligence officials said was the right-hand man of Broken Tooth Koi, the suspected "dragon head," or boss, of Macau's largest and most notorious triad, the 14K.

The brazen hit on such a senior 14K figure — taking place on one of Macau's busiest commercial strips — was a direct warning to Mr. Toi, the police said, that the 14K's traditional dominance was being challenged by the smaller Soi Fong, or Water Room triad.

The triads are secret societies formed in China in the last century to oppose the harsh rule of the Manchu, who formed the Ching dynasty and were viewed by many ethnic Han Chinese as outsiders. The patriotic roots persisted into this century, when the gangs assisted in the war against the Japanese occupation.

Various Chinese authorities have recognized the influence of the triads and have negotiated with them, and the Chinese leader Deng Xiaoping was said to have remarked some years ago that "not all triads are bad."

But the modern-day triads are considered by law enforcement authorities to be the Asian version of the Mafia, a huge network of organized crime gangs involved in everything from protection and extortion rackets to gunrunning and the drug trade. Their tentacles extend from China, Hong Kong and Taiwan into Southeast Asia and the Chinatowns of major American cities.

Faced with declining revenues because of Macau's lagging economy, rival triads are now engaged in what the police said could be a full-scale war for turf in this territory of about a half-million people and for an increased share of its shadowy underworld of smuggling, dope-dealing, prostitution and, above all, the profits from its lucrative legal gambling industry, which brings in billions of dollars a year.

"It's not only the casinos, but all the profitable activities in Macau," said Colonel Manuel Antonio Geraldes, a senior aide to the undersecretary for security. "They get their money from casinos — or from protection of the casinos — but also from smuggling and some drugs. They need to spread out, to make sure they have control. They are trying to spread their wings; that's why they are fighting between themselves."

In the 1980s and the 1990s "they became economically very strong," the colonel said. "Now they see their income declining."

Fourteen people have been killed in Macau so far this year, compared with 21 last year. Only one case has been solved. The police said they believe that the majority of the slayings are linked to the triad war and that the killers have quickly slipped over the border into the neighboring Chinese city of Zhuhai. Many of the killings have been sensational, execution-style hits, reminiscent of gangland killings in Chicago in the 1920s.

The violence is worrying and embarrassing for Macau, which has sought to display a rather tranquil approach to its planned return to Chinese sovereignty in 1999 as a marked contrast to the more vociferous transition that is under way next door in Hong Kong.

This year's victims included a Hong Kong gambling kingpin, Lam Pui-chang, who intelligence officials said might have been killed as part of a dispute over control of VIP gambling rooms at casinos.

As Macau prepares for the return to Chinese rule, the bloodshed has raised fears that Beijing could decide to intervene early, using the security situation as a pretext for a crime crackdown.

This month, the Macau government took the unusual step of issuing a statement denying press reports in Hong Kong that China already had dispatched a contingent of police to help stop the triad war. Macau's Portuguese governor, Vasco Rocha Vieira, said he was confident the local police could resolve the crisis.

Colonel Geraldes said that the government was trying to stem the violence, but that the law was "not adequate." Among needed initiatives, he said, were a broad, U.S.-style racketeering law; a program to protect witnesses to triad crimes; easier rules to link suspects to triad activities, such as forcing suspected gangsters to justify their wealth, and more ways to protect judges and lawyers involved in prosecuting triad cases.

Man Who Set Off Blast Was a Suicide, China Says

Reuters

BEIJING — An explosion in a park near the offices of China's leaders was from a homemade bomb set off by a man who committed suicide, the police said Wednesday.

The man was from central Hunan Province and had set off the blast that killed him in Zhongshan Park in central Beijing on Tuesday, said Liu Wei, assistant spokesman to the Beijing city public security bureau.

The man left a suicide note, Mr. Liu said, but declined to give details.

No other casualties were reported in the explosion in the park, which is near the Zhongnanhai leadership compound and the Forbidden City, former palace of the emperors, and across the road from the Great Hall of the People, where China's leaders meet.

"It looks as if it was definitely a suicide, and the damage was limited," a park official said.

It was the third bomb explosion reported in China's capital in two months.

The police have been on high alert in Beijing since a bomb exploded on a bus during rush hour in a central shopping district on March 7, wounding several people. The blast followed by just days after another, smaller explosion.

In southern Guangdong Province, the police said five people were killed and six were wounded in an explosion on a bus in the town of Shunde on Monday.

The explosion was set off by a young man and a young woman, both of whom were killed in the blast, local officials said.

China's state media has regularly reported explosions aboard buses and trains, most caused by accidents involving travelers illegally carrying industrial-use explosives, which are easily available in China.

The police in Beijing are nervous about bomb attacks that could damage security in the city before the anniversary of the June 4, 1989, military crackdown on student-led anti-government demonstrations as well as the July 1 resumption of sovereignty over Hong Kong.

City officials have said the bombings in Beijing were not linked to earlier attacks in the restive, mainly Muslim, region of Xinjiang Uygur Autonomous Region. Nine people were killed and 74 wounded when three bus bombings rocked Xinjiang's regional capital, Urumqi, on Feb. 25 in an attack that coincided with final funeral rites in Beijing on that day for the paramount leader Deng Xiaoping.

Simon Kwong/Reuters
Liu Shang-chun being led off in shackles in Taipei.

Working With Taipei, Beijing Yields Hijacker

Compiled by Our Staff From Dispatches

TAIPEI — China teamed up with Taiwan on Wednesday in their first joint effort against air piracy, sending back a Taiwanese journalist who hijacked a Boeing 757.

Despite the absence of official ties, China allowed 15 Taiwanese officials and policemen into its southern port of Xiamen to take custody of the journalist, Liu Shang-chun, and remove him to the nearby Taiwanese island of Quemoy.

Mr. Liu was taken out of China on a Taiwanese vessel, despite Taiwan's ban on direct sea links with China, the Straits Exchange Foundation said. The Taiwanese foundation handles exchanges with the mainland.

He was flown from Quemoy to Taipei to be charged, officials said. Legal experts said he faced charges of violating civil aviation laws, endangering national security and breaching freedom, and could be sentenced to life imprisonment or even death.

Mr. Liu doused his clothes with gasoline and threatened to set himself afire March 10 aboard a domestic flight of Far East Air Transport, a Taiwanese company, unless he was taken to China. He asserted that he was a victim of political repression in Taiwan. He was arrested moments after the Boeing 757 landed in Xiamen, and the airliner returned to Taiwan the same day with its 149 passengers and 8 crew members.

China at first refused to hand Mr. Liu over, accusing Taiwan of failing to honor an agreement to repatriate Chinese hijackers. The agreement in principle was reached after a series of hijackings in 1993 and 1994, but talks on the issue were frozen by China in 1995 to protest a visit to the United States by President Lee Teng-hui of Taiwan.

Since China changed its stand, Taiwanese officials said they would reciprocate by returning two hijackers, the first parolees among 16 Chinese hijackers convicted by courts in Taiwan. Officials in Taiwan said China had tentatively agreed not to retry them, but Taiwan wants a written guarantee. *(AP, AFP)*

BRIEFLY

U.S. General Warns Chinese on Korea

BEIJING — North Korea poses the greatest threat to peace in Asia, General John Shalikashvili, chairman of the U.S. Joint Chiefs of Staff, told Chinese Army officials Wednesday.

The United States plans to maintain its current force levels in the Asia-Pacific region for the sake of stability and U.S. national interests, General Shalikashvili said in an address to the National Defense University.

"To reduce our troop presence could destabilize the region and could set off a heated arms race," he said. "And thus, we think the whole region, including China, benefits from our presence."

Foremost among dangers to stability was the "unpredictable regime in Pyongyang, which poses a major threat to peace on the Korean Peninsula and in the surrounding area," the general said. *(AP)*

Taiwan Replaces Interior Minister

TAIPEI — Taiwan's governing Nationalist Party approved a modest reshuffle of the cabinet Wednesday, hoping to ease public anger over a perceived breakdown of law and order.

The six appointments were announced by the party's secretary-general, Wu Po-hsiung. The key job of interior minister was given to Yeh Ching-fong. The ministry oversees the country's police.

Lin Feng-cheng, who resigned the post May 8, had been under fire over a wave of brutal unsolved crimes in recent months.

The other closely watched portfolio, that of government spokesman, went to David Lee, a career diplomat who recently served as deputy chief of the Government Information Office. *(Reuters)*

Hong Kong to Give New Rights Plan

HONG KONG — Tung Chee-hwa, Hong Kong's future leader, will unveil on Thursday revised plans to curb civil liberties and rights in the territory after it reverts to China on July 1, a spokesman said.

The original proposals, announced in April, restrict demonstrations and ban overseas funding of political parties. *(Reuters)*

Hong Kong Military Switch 'on Track,' Briton Says

Q & A / General Bryan Dutton

The first small contingent of Chinese troops to be based in Hong Kong in 150 years arrived at British military headquarters last month to prepare for the handover of the colony to China at midnight June 30. On Wednesday, the two sides agreed on a total advance contingent of 196 troops. Major General Bryan Dutton, commander of British forces in Hong Kong, discussed military aspects of the transfer with Michael Richardson of the International Herald Tribune.

Q. Negotiations between Britain and China on the political transition of Hong Kong to Chinese rule have often been stormy. How is transfer of defense responsibility proceeding?

A. It's on track. It has taken years of negotiation. It hasn't been stormy. It's been very practical. We have not always had agreement. But we are reaching a successful conclusion.

Q. How many Chinese military officers and soldiers will be stationed here after the handover?

A. The Chinese armed forces say that their garrison will be no larger than our garrison was three years ago, which was nearly 10,000. But I think at any one time, only half that number will be in Hong Kong.

Q. Won't a Chinese garrison of 10,000 troops, even if only 5,000 are rotating through Hong Kong from neighboring southern China at any one time, send a negative signal about the degree of autonomy to be given to Hong Kong under Chinese rule?

A. I can see that it could be construed that way. But actually this is just a demonstration of China's sovereignty. It is not an over-large number when you look at it divided between the three forces — the army, navy and air force. We had similar numbers here. What matters far more than the numbers is how they behave.

•

Q. Opinion polls show that many in Hong Kong fear the presence of an army that took part in 1989 in the bloody suppression of the pro-democracy movement in China. Is the Chinese garrison conscious of that fear and doing anything to assuage it?

A. I understand the Hong Kong people's fears. In my contact with the Chinese, they have been explicit in their understanding of those fears and their desire to use Hong Kong as window on the world to correct that image of them.

Q. Will Chinese military personnel in Hong Kong be subject to local laws?

A. They published their garrison law in 1996 after much briefing from, and consultation with, us and the Hong Kong government on the way the law applies to the British garrison. For Hong Kong, they have made major changes to the way the law applies to the Chinese armed forces on the mainland.

They have acknowledged that a man who is off-duty and commits a civil offense will go to a civil court. The only area of lingering doubt is in what is "on-duty" and "off-duty," and who decides on that definition.

Q. When will that be clarified?

A. Once they arrive. It will then become a matter of practice and implementation. We have lingering concerns in that area. But on the other hand, the Chinese have made major concessions in drafting the garrison law and have attempted to meet the Hong Kong sensitivities. We'll have to see whether their attempts are adequate or not in practice.

Q. Will the Chinese garrison be answerable to Hong Kong's chief executive, as British forces are?

A. No, that is a major difference. I am answerable to the chief of defense staff in London and to the Hong Kong governor, as the commander-in-chief. The Chinese garrison will not be answerable to Hong Kong's chief executive. They will maintain their liaison with him but will only be answerable to Beijing.

Q. Doesn't that cut right across the principle of autonomy for Hong Kong?

A. The Chinese would argue not, in that the reason for the garrison being here is essentially two-fold: to defend part of China against external aggression and to demonstrate Chinese sovereignty.

Q. Won't there be a very strong temptation for officers of the Chinese garrison to get involved in military business operations in Hong Kong, if only to supplement the incomes of their men?

A. What you say may be true. I can only reflect what I have seen so far: That is a desire on the part of the Chinese armed forces to insulate the garrison from this commercial activity. I think they want to keep the garrison squeaky clean as a shining example of a praetorian guard.

Bryan Dutton, garrison head.

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EUROPE

Mandela and Mobutu Await Kabila

Rebel Leader Wants Host Ship Moved Into Neutral Waters

Compiled by Our Staff From Dispatches

POINTE NOIRE, Congo — Confusion over the whereabouts of Laurent Kabila, the Zairian rebel leader, delayed Zaire's peace talks on Wednesday, a senior mediator said.

A rebel spokesman said by telephone that Mr. Kabila, whose forces have been advancing on Zaire's capital, Kinshasa, was insisting on joining the South African ship that is the venue for the talks only after it was in international waters.

South Africa's president, Nelson Mandela, who is trying to broker a transitional agreement and avert a rebel attack on Kinshasa, and Zaire's embattled president, Mobutu Sese Seko, waited on shore in Congo's main port of Pointe Noire, where the craft was docked.

In Kinshasa, a stay-home protest called by the anti-Mobutu opposition all but closed down the city of 5 million people. Shops and markets stayed shut.

Zairian state radio said that Wednesday would be a fateful day that could determine the future of Africa's third largest country.

The special envoy of the United Nations and the Organization of African Unity, Mohammed Sahnoun, announced the delay in the talks.

Mr. Kabila had been expected in the Angolan port of Soyo but had gone north to Cabinda enclave, officials said. "We were waiting for them somewhere, they landed somewhere else," Mr. Sahnoun said.

Marshal Mobutu agreed at a first meeting on May 4 to hand over power to an elected president. Mr. Kabila, both then and in public statements since, has insisted he relinquish power at once to Mr. Kabila's Alliance of Democratic Forces for the Liberation of Congo.

A spokesman for Mr. Mandela, Joel Netshitenzhe, said on the eve of the talks that mediators had won agreement in a number of areas.

"They have a skeleton of the main areas of agreement that are supposed to be ratified," he said.

Rebel radio suggested that Mr. Kabila's forces were nearing the approaches to Kinshasa. The government dismissed such reports. Just in case, more than 4,000 Western soldiers remained on standby in Congo's capital, Brazzaville, or at sea off Zaire to evacuate foreign nationals from Kinshasa.

Despite rebel claims that their fighters had infiltrated the city, the truth seemed closer to information provided by Western diplomats, that the front line was about 100 kilometers (60 miles) east of Kinshasa near the Black River bridge.

Marshal Mobutu flew out of Kinshasa on his private Boeing 727 on Wednesday morning for the talks on the South African Navy vessel anchored at Pointe Noire. His motorcade sped past soldiers guarding the road to the airport but drew little public attention.

"We are waiting for Mobutu to resign because we have suffered for many years," said Julien Boketshu, 26, an unemployed college graduate living with his parents in the sprawling La Cite slums. "That's why we don't protest. We are waiting for it to happen."

Lombela Bobo, another man in La Cite, said Marshal Mobutu had little choice but to step aside.

"When we consider that he is a dictator, he won't resign," Mr. Bobo said. "But reality says he must resign. If he doesn't resign, Kabila will come with guns."

Everyone interviewed wanted Marshal Mobutu to go and hoped that would happen without a battle for Kinshasa.

"Even if it's this bad, we don't want war in Kinshasa," said Bienvenu Ikongho, 19, a university student. "If there is war here, the situation will go from bad to worse."

But there was mixed opinion on how he should be succeeded. Some called for Mr. Kabila to take over, but most feared a new dictatorship under the rebel leader and sought some kind of balance that would prevent too much power resting with one man or party.

"Kabila has to work with everybody," said Sembi Loba, echoing a warning issued Tuesday by Prime Minister Likulia Bolongo, that failure to include all parties in a new leadership could lead to "territorial divisions."

While the rebels appeared poised to take the city, some of Marshal Mobutu's elite forces, reportedly aided by former Angolan rebel fighters, would most likely put up stiff resistance.

In addition, there are fears that Zairian Army soldiers would go on a rampage, repeating the looting and pillaging sprees of 1991 and 1993.

Eric Feferberg/Agence France-Presse

Congo's president, Pascal Lissouba, left, speaking to Nelson Mandela on Wednesday after the South African president arrived in Pointe Noire.

Swiss May Freeze Mobutu's Assets

Compiled by Our Staff From Dispatches

GENEVA — Switzerland said Wednesday that it was considering a Zairian rebel request to freeze the assets here of President Mobutu Sese Seko.

The Foreign Ministry's spokeswoman, Yasmine Chatila, said the demand had come from the interim public prosecutor in the rebel-controlled city of Lumumbashi.

"This request is now being examined," she said.

Switzerland previously said it would consider such a request only if it had come from the government.

Miss Chatila said the request reached the Swiss public prosecutor's office in Bern through "unofficial channels" Tuesday.

Swiss news media estimate Marshal Mobutu's fortune at about $4 billion spread among secret accounts in Switzerland. *(Reuters, AP)*

PARENTS: *Dane's Relaxed Attitude Wins 2 Nights in Jail*

Continued from Page 1

been "exposed" for an hour in the stroller under a blanket, but without a jacket. "At least two patrons tried to involve the parents to get them to assist with the child and they refused," Ms. Lear said.

A waiter at the restaurant told The Associated Press that Miss Sorensen deflected the worried New Yorkers by saying the "baby was fine."

Mr. Wardlaw's attorney said his client was considering pressing charges against the police for brutalizing him in the precinct station after his arrest.

Mr. Kirsch said: "My client tells me that when he was brought into the precinct in handcuffs one police officer took him into the men's room and tried to put his head into a toilet and also gave him a hard kick in the shin. I saw the scab on his shin."

A spokesman said there was no official report of any altercation between Mr. Wardlaw and the police.

Mayor Rudolph Giuliani said the police intervened because "patrons in the restaurant were complaining that the baby was left alone, that the baby was crying and the baby was being neglected."

"I think we did the right thing," he said. "If they acted out of an excess of caution, so be it."

There is sound reason for city government to react quickly to allegations of possible child abuse. This spring a 5-year-old died in the Bronx after being starved and tortured, allegedly by his mother. A 7-year-old in Harlem was badly burned a few days later, after her mother allegedly forced her to sit on a hot radiator. The incidents raised long-standing concerns about the city's ability to protect vulnerable children.

Miss Sorensen spent much of Tuesday at the Danish Consulate, where she tried to enlist the help of her government in getting custody of her child. Danish officials there expressed concern that the police had seized a Danish baby.

Kim Christiansen, a vice consul at the consulate, said: "A lot of people in Denmark park their child in a stroller outside while they are in for a short period. Nobody seems to have a problem with that in Denmark. It's maybe a couple of misunderstandings. Miss Sorensen is not aware that you could be prosecuted for that kind of thing."

Mr. Christiansen said Danish officials worked with the prosecutor's office and with children's services to try to facilitate a speedy return of the child. He said, however, that they had received no assurances that the charges against Miss Sorensen for endangering the welfare of a child would be dropped.

In Denmark, news of the arrest of the parents and the seizure of the baby has occasioned what Mr. Christiansen diplomatically characterized as "surprise."

"They think the reaction from the system here is maybe an overreaction," he said.

VIETNAM: *8 Drug Traffickers Sentenced*

Continued from Page 1

"I will go to hell before you," Captain Truong told the police officers escorting him. "But I'll reserve places there for you."

Foreign reporters were barred from the courtroom at the start of the 10-day trial after Captain Truong threatened to implicate senior Interior Ministry officials in his testimony.

Government censors provided journalists with limited details of the trial, deleting testimony and court commentary from official transcripts.

The case erupted last year after the arrest and conviction of a Laotian drug trafficker, who broke down shortly before he was due to be executed by firing squad and offered to exchange information about the syndicate in exchange for leniency.

Under Vietnamese law, people sentenced to death are given a 15-day appeal period. If the appeal fails, their ultimate hopes lie with a presidential pardon.

The trial may have been used to demonstrate official toughness, but it has also highlighted Vietnam's growing role as a market and transit route for drugs from the Golden Triangle region of Burma, Thailand and Laos. Drug experts say the country's moves to open borders have brought a bonanza for dealers. *(Reuters, AP)*

BRIEFLY

Pentagon Studies Report of Laser

WASHINGTON — The Pentagon said Wednesday that a Russian merchant ship in U.S. waters might have illuminated a Canadian military helicopter with a laser last month, causing painful burns to two people on board.

But a Pentagon spokesman, Colonel Dick Bridges of the army, said the merchant ship, Kapitan Man, was searched by the U.S. Coast Guard at Tacoma, Washington, three days after the incident on April 4. No laser device was found.

The Canadian pilot and a U.S. Navy lieutenant reported suffering burns to their eyes the day after the incident.

Colonel Bridges was responding to questions about a report in The Washington Times on Wednesday, which said that the ship was suspected of spying on U.S. submarines and that the helicopter was taking pictures of the ship. *(Reuters)*

Protesters Greet Shell Shareholders

LONDON — Demonstrators gathered outside Shell's annual shareholders meeting Wednesday to protest the company's record on human rights and the environment.

The protesters, including representatives of Friends of the Earth and of the Ogoniland region of Nigeria, urged the shareholders to force the company to improve its environmental and human rights policies.

The Royal Dutch/Shell Group has been criticized for harming the environment and supporting the military government in Nigeria.

The Anglo-Dutch company dismisses the criticism, arguing that it has reduced emissions of greenhouse gases and is committed to human rights. *(Reuters)*

Iraq Wants Its Jets To Come Home

BAGHDAD — Iraq has asked the United Nations for permission to bring home its civilian aircraft, which have been left for six years in several foreign airports, the INA press agency reported Wednesday.

Iraq divided its civilian fleet among Iran, Jordan, Libya, Mauritania and Tunisia in January 1991, days before the beginning of the Gulf War. *(AFP)*

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A Prime Minister Hears Footsteps

In French Election, It Appears, Juppe Rhymes With 'Scapegoat'

By Charles Trueheart
Washington Post Service

BEAUMONT, France — This was supposed to have been a campaign about France's efforts to put its budgetary house in order and find a place in the new European order. But it has found whatever focus it has in the single issue of divorce.

The beleaguered marriage in question is that of "the First Couple," as the partners are known here: President Jacques Chirac and Prime Minister Alain Juppe.

Mr. Chirac's job is not at stake in the two-round parliamentary elections that he called for May 25 and June 1. But the future of Mr. Juppe, the leader of the center-right government, is in play whatever the outcome.

An unexpected defeat would give France a political version of a shotgun wedding: "cohabitation," with a president and prime minister of different parties. But even if Mr. Juppe and Mr. Chirac's party, Rally for the Republic, and its partner, Union for French Democracy, eke out a victory, as polls still suggest they will, Mr. Juppe will be a likely candidate for the high dive.

Mr. Chirac and Mr. Juppe are not just political allies. Mr. Juppe, 51, has been a Chirac acolyte for most of his political career, and the president has stood by him in worse moments, of which there have been several in the past two years.

Neither man, after nearly two years in office, is terribly popular with the French people. But for Mr. Chirac, the country's quasi-monarchical governing system and a seven-year term that still has five years to run permit him to preside over the legislative campaign from a certain distance.

Mr. Juppe has dismal approval ratings — they hover around 25 percent, the lowest for a prime minister in nearly 40 years. Mr. Chirac's are not much better, but his prime minister bears the brunt of responsibility for the governing coalition's fortunes.

Some prominent members of the government are sending more or less public signals that Mr. Chirac's chances of winning will depend on an implicit promise to dump Mr. Juppe. The paradoxes abound.

Mr. Juppe was forced to insist that he was not a candidate to succeed himself as prime minister, which seemed at odds with his well-publicized program for the first 40 days of the new government he would lead. In Mr. Chirac's single intervention in the campaign last week, he mentioned Mr. Juppe not at all.

Mr. Juppe's acute discomfort was evident Monday night at a campaign appearance here in central France on the native soil of the last French president from the political right, Valery Giscard d'Estaing, who served from 1974 to 1981 and who presided over the rally for local center-right candidates.

It was Mr. Giscard d'Estaing who praised the younger Mr. Juppe two years ago as the "very best of his generation." But sitting side by side on stage, Mr. Giscard d'Estaing and Mr. Juppe barely conversed. Their nearly back-to-back body language bespoke a chill that was well understood in the hall.

Last week, Mr. Giscard d'Estaing went on television in the role of senior statesman and revealed that he had advised Mr. Chirac not to call these elections, that he had told the president that what the French people really wanted was not a confidence vote but "a different way of governing." The comment was widely interpreted to mean: Heave Mr. Juppe overboard.

When it was his turn to speak Monday night, Mr. Juppe turned Mr. Giscard d'Estaing's supposed slight to his own advantage, declaring that "a different way of governing" means "replacing bureaucracy and statism with proximity and participation."

Mr. Juppe can feel fairly that he is being victimized for carrying out, or trying to carry out, the policies of budget-cutting and reforming the system of social benefits that the electorate seemed to endorse by electing the center-right party in 1993, and a center-right president two years later.

But his initial efforts to wield the budgetary knife, in the autumn of 1995, provoked the biggest demonstrations France had seen since the spring of 1968. The government backed off. Thanks to that, thanks to a record post-war unemployment rate that refuses to budge and thanks to a bloodless political style, Mr. Juppe now seems to embody what the French detest in their leaders.

"He has become the ritual scapegoat of all the ills of the day," wrote Alain Duhamel in the magazine Le Point.

Philippe Huguen/Agence France-Presse

Alain Juppe applauding a boy who wanted a better view of the French prime minister as he campaigned this week in a suburb of Strasbourg.

Gdansk Shipyard To Get Nightlife

The Associated Press

WARSAW — Seventeen years ago, the Gdansk shipyard gave birth to the Solidarity movement, which helped free Poland from Communism. The bankrupt shipyard is now giving birth to a disco.

A private company has rented one of the shipyard warehouses, and work has begun to turn the hall into a discotheque, Bogdan Oleszek, a shipyard manager, said Wednesday. He said the hall, next to one of the shipyard gates in central Gdansk, had not been used for years.

The 50-year-old shipyard, where Solidarity became the first independent trade union in the Communist bloc in 1980, was declared bankrupt last August under a debt of about $150 million after several banks refused to extend loans. The government, which owns 60 percent of the yard, announced March 6 that it was closing and laid off about 3,600 workers.

About 800 people still work at the shipyard, completing construction of a ship for a Norwegian contractor. A government-appointed receiver is waiting until the end of May for offers to buy the yard.

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Under Boycott Threat, Tirana Delays on Vote

Compiled by Our Staff From Dispatches

TIRANA — President Sali Berisha of Albania postponed on Wednesday the signing of a law that would call new elections for June 29, which most opposition parties had threatened to boycott, the president's office said.

Mr. Berisha said earlier in the day that he would dissolve Parliament on Wednesday and sign the decree to call the elections, which are seen as vital to preventing Albania from sliding back into violent unrest after riots in February and March.

The president told a poorly attended rally in Kavaja, a town he once represented in Parliament, that the voting would go ahead under rules set by his Democratic Party.

Opposition parties, led by the Socialists, reiterated their threat to boycott the vote if Mr. Berisha signed the law, passed Tuesday by Parliament, where the Democrats have an overwhelming majority.

"If he decrees the law," said Skender Gjinushi of the opposition Social Democrats, "there will be only one constituency in Albania, and only one victor."

In Vienna, the Organization for Security and Cooperation in Europe said a senior envoy, Franz Vranitzky, would visit Tirana on Thursday to try to mediate between two principal parties.

Last week, Mr. Vranitzky helped mediate what appeared to be a compromise on election rules acceptable to both sides.

But the Parliament instead approved a version deemed unacceptable by the Socialists and the other opposition parties.

■ Talks on Stabilization

Italy said it planned an international conference June 18 in Rome to study political, economic and financial aspects of stabilizing Albania, Reuters reported from Rome.

The Foreign Ministry said the conference, which would be at ministerial level, would be preceded by a preparatory meeting May 26 in Rome.

BRIEFLY

Irish Elections Likely June 6

DUBLIN — Prime Minister John Bruton is expected to announce Thursday that June 6 will be date for national elections, pitting his coalition against a resurgent opposition, political sources said.

They said Mr. Bruton would announce the date Thursday morning in Parliament, clearing the way for elections to be held five months ahead of deadline.

Mr. Bruton's Fine Gael and its Labor Party and Democratic Left coalition allies are losing ground in public-opinion polls. The latest survey, published last week, showed them 12 points behind Fianna Fail and the Progressive Democrats. The parties in Mr. Bruton's coalition trailed by 6 points in April.

He came to power without an election in 1994 after the Fianna Fail-led coalition of Prime Minister Albert Reynolds collapsed in a dispute over senior legal appointments. *(Reuters)*

Greece Closes Border Crossing

GJIROKASTER, Albania — The Greek Consulate in the border town of Gjirokaster, as well as the main crossing into Greece, were closed Wednesday after a fresh wave of violence, residents said.

Greek Foreign Ministry sources said in Athens that the closures were temporary, and that it was hoped the consulate could reopen Thursday.

Albanian officials could not be reached for comment, but a resident said fighting between gangs of Albanians had forced the Greeks to close the crossing.

Albania was plunged into chaos in February and March after pyramid investment funds collapsed. Many people still are armed with looted weapons. *(Reuters)*

8 Questioned in Paris Attack

PARIS — The police were questioning eight people Wednesday in connection with a bombing in a Paris subway station last year that killed four people, French radio reported.

Radio France Info said those being questioned were linked to Islamic fundamentalist groups. The radio said the interrogation had been ordered by Jean-Louis Bruguiere, an anti-terrorist judge who is investigating the Dec. 3 bombing. The authorities suspect Algerian Islamic militants in the attack. *(AP)*

Constitutional Outline for Italy

ROME — The work of an all-party parliamentary commission on constitutional reforms was entering a new phase Wednesday, with its chairman scheduled to outline proposals to give Italy stable government and more effective lawmaking.

The chairman, Massimo D'Alema, head of the Democratic Party of the Left, was to report on the recommendations of four subcommissions and raise the curtain on the next and most delicate phase — voting on proposals in coming weeks.

A key issue before the commission is whether the president and prime minister should be elected directly.

Center-left parties favor having coalitions identify their candidates for prime minister before national elections. They also want the prime minister to have more executive authority, such as the power to dissolve Parliament in case of a no-confidence vote. *(Reuters)*

9:55 صباحاً

EUROPE

Croatia Quietly Seizes Homes of Serbs Who Fled War

By Chris Hedges
New York Times Service

KISTANJE, Croatia — The Croatian government has quietly confiscated tens of thousands of houses that once belonged to ethnic Serbs who were expelled from southern Croatia and has undertaken a program to settle ethnic Croats from Bosnia and Serbia in the seized property, relief workers and diplomats say.

The multimillion-dollar program was even intended to woo Croats living abroad, especially the 100,000 or so Bosnian-Croat refugees now in Germany, by promising them confiscated homes and land.

The campaign may crush any hope that more than 350,000 exiled and displaced Croatian Serbs will be able to return home, as called for in the Bosnian peace accords negotiated in November 1995. In addition, Western diplomats have said it has raised questions about Croatia's aspirations to join the European Union.

The International Committee of the Red Cross and the Organization for Security and Cooperation in Europe, which operate field offices in the area of southern Croatia known as the Krajina, said that at least 90 percent of the approximately 2,000 ethnic Serbs who have come back in the last few months under a special United Nations agreement have been denied access to their old homes. And in numerous cases, the agencies said, those who returned found that their homes had been occupied by Croats just days before or gutted by fires.

The town of Kistanje, 24 kilometers (15 miles) southwest of Knin, is the Croatian government's showpiece. Before the war it had a population of nine Croats and 1,980 Serbs. All but a few older Serbs fled in 1995. The houses were looted by the victorious Croats and many were burned.

But last year the government in Zagreb began to renovate 200 homes. It moved 80 ethnic Croatian families from the Kosovo region of Serbia into the homes on March 23, and was to move an additional 120 families into the remaining houses this week.

Dusan Karanovi, 52, and his wife, Ruzica, 49, an ethnic Serbian couple, returned March 13 and moved back into the home they built 20 years ago. But when buses filled with ethnic Croats from Kosovo, accompanied by government officials and a Roman Catholic priest, arrived 10 days later to take over the town, the Karanovis were evicted.

"As soon as it was dark, about 20 Croats walked into my house and told my wife and me to get out and never come back," Mr. Karanovi said, seated at a small table at the home of his wife's elderly parents in the next village. "They said this was no longer our home."

The two remaining Serbian couples, like the others who were allowed to return, are over 50 and came without children. They gather together each night to protect their neighboring homes.

Croatian officials spray-painted black numbers on the fronts of the two homes, both partly renovated, and told the couples the houses have been assigned to ethnic Croats who will arrive soon.

"After we came back in March, someone lit a fire in the house," said Strbac Savo, 64, as he stood outside the home he built in 1952. "Then the Croatian authorities came by and told my wife and me that this was not our home, that we had no right to be here. Now we are waiting to see what happens when the new Croats come in a few days."

A Serbian farmer who returned home last month was killed by a booby-trapped hand grenade placed in a haystack on his farm. Another farmer working in his field was shot at by Croatian neighbors last week. And some people who came back in the hope of resuming their lives have fled again to Serbia in the last few weeks because of threats from the Croats, Red Cross officials said.

NYT

"When we question the Croats about what is going on, we are told that Sarajevo and Belgrade do the same thing," a senior European diplomat said. "This is true. But only Croatia is a member of the Council of Europe and under consideration for membership in the European Union. If the Croats want to be part of the West, if they claim to be a democratic country, they must adopt a different approach."

Croatian officials in Knin declined to be interviewed. But a Foreign Ministry official said that no more than 10 percent, or 20,000 of the prewar Serbian population in the area, have shown any interest in returning to the Krajina. He said these people will be allowed back and their legal rights will be respected.

The Krajina was predominantly populated by ethnic Serbs before the war between Croatia and Serbia after Zagreb declared its independence from Yugoslavia in June 1991. It was seized by rebel Serbs, with Belgrade's backing, during the seven months of fighting. The Serbs drove the local Croats from the area, destroyed their homes, desecrated their churches and operated a sort of police state.

In August 1995, the Croatian Army, in a swift attack, took back the Krajina and drove out all but about 8,000 of the 200,000 ethnic Serbs in the region.

With much of the Krajina in ruins, the Croatian Parliament passed a "temporary" housing law after the August 1995 assault. The law permits Croats or ethnic Croats from outside the country to take over Serbian property if the rightful owner is absent.

The U.S. ambassador to Croatia, Peter Galbraith, who has grown increasingly critical of Zagreb's resettlement program, has described the "temporary" housing law "a Communist-style confiscation law in which there is no mechanism for rightful owners to recover their property."

But, despite the criticism, the Croatian government continues to send in new arrivals. There are already some 20,000 ethnic Croats from Bosnia and Serbia in the Krajina and thousands more on the way.

Turkey Troops Enter Iraq in Drive Against Kurd Rebels

Reuters

ZAKHO, Iraq — Several thousand Turkish troops, backed by tanks and heavy artillery, pushed across the border into northern Iraq on Wednesday in a move against separatist Kurdish rebel bases.

Witnesses said the assault followed a security sweep by local Iraqi Kurdish authorities, who ordered all journalists to leave the border region, confiscated mobile telephones and film.

The state-run Anatolian news agency reported clashes between troops and the Turkish separatist Kurdistan Workers' Party, in a region it identified as Sarisarilar. It also said troops had cornered a group of Kurdish rebels just inside the Iraqi border opposite Turkey's eastern border region of Hakkari.

The agency said Turkish forces supported by Cobra helicopters had inflicted heavy losses on the rebels.

Baghdad protested against the move, saying it contravened international law. It said there had been many casualties.

An Iraqi Foreign Ministry spokesman said the Iraqi government "calls on the Turkish government to withdraw its invading troops from inside Iraqi territory immediately," the Iraqi press agency INA reported.

A Turkish Foreign Ministry spokesman said the operation was a "limited" one, in coordination with local Iraqi Kurds, to oust separatist guerrillas from the border marshes.

But a senior security source said, "This is a wide and comprehensive operation."

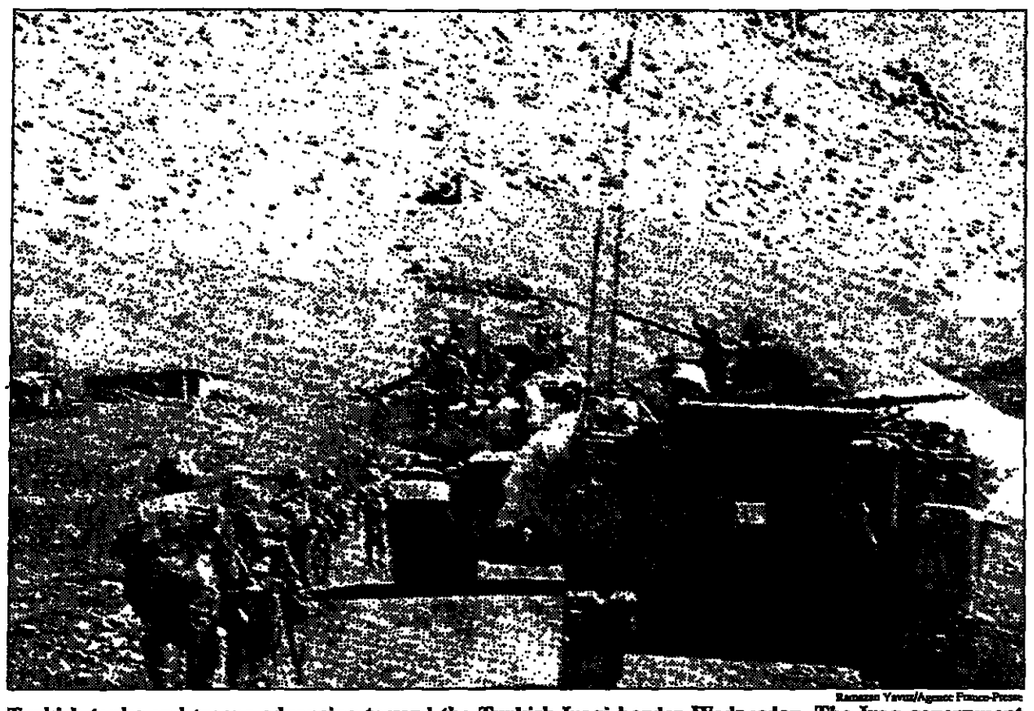
More than 22,000 people have been killed in more than 12 years of fighting between the army and the Kurdistan Workers' Party, which is seeking autonomy or independence in mainly Kurdish southeastern Turkey.

■ Ankara Confirms Maneuvers

Turkey said Wednesday that it was going ahead with plans to hold joint naval exercises with Israel, despite comments by Prime Minister Necmettin Erbakan suggesting they may be postponed, Reuters reported from Ankara.

"There is no question of such a postponement," Defense Minister Turhan Tayan said. "At the moment it is not clear when these exercises will take place."

Mr. Erbakan suggested earlier that the exercises might be postponed, according to the Anatolian news agency.


Ramazan Yavuz/Agence France-Presse

Turkish tanks and troops advancing toward the Turkish-Iraqi border Wednesday. The Iraq government denounced the action and demanded the immediate pullout of the troops chasing separatist Kurdish rebels.

EU Weighs Steps To Strengthen 'Mad Cow' Rules

Reuters

BRUSSELS — The European Commission endorsed a call by Farm Commissioner Franz Fischler on Wednesday for further measures to protect consumers against "mad cow" disease.

Pressure for tougher action has grown after recent European Union inspections showing that member states have not been respecting food safety rules to eliminate the disease, bovine spongiform encephalopathy.

The proposed extra measures include these steps:

- British exports of gelatine made from British cattle parts would be made illegal pending new scientific evidence.
- Risk material from cattle and sheep — brains, eyes, spinal cord and spleen — would be banned from human and animal food.
- Steps would be taken to ensure that new standards for processing meat and bone meal were respected by all EU members. Infected meat and bonemeal mixed into cattle and sheep feed is believed to be the main cause of BSE.

"The EU's policy on BSE must continue to evolve in the light of experience and scientific knowledge with the primary objective of reducing the risk to human and animal health to as close to zero as possible," Mr. Fischler said in a statement.

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Yeltsin Out of Order

What is Boris Yeltsin doing running on about the conditions in which he would or would not fire nuclear weapons? This is a difficult question to raise at any time, fraught as it is with signals that different parties are bound to read differently. Certainly it is not a necessary or helpful question to be agitating at this strategically calm post-Cold War moment. Relations among the acknowledged nuclear powers are proceeding productively on non-nuclear matters. These powers have made a substantial effort (the nuclear non-proliferation treaty, the comprehensive nuclear test ban) not to encourage the nuclear ambitions of others.

Mr. Yeltsin's words arose from what is called a new security doctrine drawn up by Russian strategists to reflect the diminished state of Russian conventional forces and of Russian self-confidence as well. These new circumstances, it can be argued, required a doctrinal response. But they require even more some common sense.

Russia is now in the circumstances the United States was in during the decades of confrontation of two huge armies in Europe. Washington then speculated, as Moscow does now, that its conventional forces might be overrun; in the name of preserving deterrence, it warned of a nuclear response, or, as it is called, nuclear first use. But there is now no conceivable possibility of Russian conventional forces being overwhelmed. It becomes potentially destabilizing just to publicly contemplate and chew over the prospect. Going public with an alarming answer to a hypothetical question is not awfully helpful as policy or as diplomacy. Mr. Yeltsin's words will be read as stirring up tensions as the debate to enlarge NATO proceeds.

The State Department had a constructive answer to Mr. Yeltsin's foray into what to him is the relatively novel field of nuclear doctrine. The spokesman suggested that comment be directed to lowering the risks of nuclear war and the levels of nuclear weapons. Here there is plenty of work for everyone. Both sides, for instance, could take off alert the warheads they still have available to program in minutes against each other. The ratification of the agreement further reducing levels of strategic arms remains to be consummated, and a follow-on agreement must be prepared. On the Russian side, much needs to be done to arrest what seems to be the patchy but progressive deterioration of the nuclear command and control system. The momentum of the Nunn-Lugar program for dismantling weapons has to be maintained.

In short, the last thing anyone needs is to have the commander of a still great nuclear force speculating out loud and uncertainly about when he would push the button.

— THE WASHINGTON POST.

Awaiting Swiss Amends

Disclosures about Switzerland's duplicitous role in World War II and its hoarding of Nazi assets have been wrenching for the Swiss people, many of whom long believed the myth that their country was truly neutral. But the reckoning is not yet over. Switzerland has amends to make, and they must be commensurate with the Nazi wealth that it failed to surrender after the war.

Apportioning responsibility today for misconduct half a century ago is not easy. The United States, which led the Allied battle against Germany, made its own mistakes, including decisions not to accept more Jewish refugees and not to bomb the rail lines leading to Nazi concentration camps.

In 1946, in the interests of rebuilding Europe and keeping the Soviet Union at bay, a divided Truman administration unwisely agreed to let Switzerland return just $58 million of some $400 million in gold that the Nazis had looted from conquered governments and transferred to the Swiss National Bank. By today's valuation, that gold hoard would be worth roughly $4 billion.

Under the same accord, Switzerland promised to liquidate non-gold German assets then worth between $250 million and $750 million, and turn over half to the Allies for European reconstruction and assistance to war victims. Switzerland never made good on the commitment, even after the amount it owed was reduced in 1952.

That Switzerland was not alone in its misjudgments does not excuse it from making appropriate restitution today. Its collaboration with the Nazis was extensive and its moral obtuseness after the war quite remarkable. It has no legal obligation to reopen the 1946 agreement, which was valid although flawed. But moral considerations weigh heavily here. The gold was stolen by Germany. In some cases the gold bars were smelted from the jewelry and even dental fillings of slaughtered Jews. Surely full recompense is due now that the history of this gold is clear and the economic and political pressures of the postwar period are just a memory. Swiss responsibility for repaying the non-gold assets seems equally clear.

So far Switzerland has established a $175 million fund for Holocaust victims and proposes to create a $4.7 billion foundation to help people in need around the world, if Swiss voters approve the project next year. That is far from certain. The government has also formed an independent commission to review Swiss conduct during the war, and Swiss bankers have belatedly agreed to make a full search for dormant bank accounts left by Jews who were killed in the Holocaust.

None of these steps represent full restitution of Switzerland's unpaid obligations. Should the vote on the foundation fail, the postwar balance sheet will be largely unchanged. That would be unforgivable.

If Switzerland falls short, the Clinton administration can freeze an appropriate portion of the $86 billion in public and private funds that Switzerland invests in the United States. It should not come to that. Switzerland has ample resources. The question is whether it has the conviction to act.

— THE NEW YORK TIMES.

An Error Admitted

The San Jose Mercury News made a courageous gesture on Sunday when it admitted that articles charging the CIA with complicity in the drug trade had been poorly written and edited and misleadingly packaged. The executive editor, Jerry Ceppos, told readers that the articles had fallen short of the paper's standards at every step along the way. His candor and self-criticism set a high standard for cases in which journalists make egregious errors.

Last fall the Mercury News published an inflammatory and inadequately substantiated series of articles suggesting that the CIA abetted the crack epidemic in the 1980s by allowing Nicaraguan dealers to push the drug in America's inner cities. The goal, the series said, was to help finance the CIA-backed Contra rebels then fighting the government.

There was little hard evidence to support these claims. Even so, the series was suggestively entitled "Dark Alliance: The Story Behind the Crack Explosion," and appeared with a logo showing a man smoking crack superimposed over the CIA insignia. The material, which spread quickly with the help of the paper's Web site, sparked outrage from elected officials and provoked investigations in Congress and at the CIA. After other newspapers cast doubt on the articles, Mercury News editors and reporters began an extensive internal investigation.

The series failed to include available evidence contradicting the assertion of CIA complicity. "Although members of the drug ring met with Contra leaders paid by the CIA and Webb believes the relationship with the CIA was a tight one," Mr. Ceppos wrote, "I feel that we did not have proof that top CIA officials knew of the relationship."

The Mercury News experience dictates caution and care in sensitive articles, but it should not discourage investigative projects. On other such pieces, the newspaper has done solid work in the past, and it should not shrink from trying again. At a time when lifestyle and personality articles command ever greater space, efforts to uncover government and private sector misconduct are all the more essential. Newspapers are among the few institutions in America with the resources and commitment needed to expose betrayals of the public trust.

— THE NEW YORK TIMES.

Herald INTERNATIONAL Tribune

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.
Tel.: (1) 41.43.93.00. Fax: Circ., (1) 41.43.92.10; Adv., (1) 41.43.92.12.
Internet address: http://www.iht.com E-Mail: iht@iht.com

Editor for Asia: Michael Richardson, 5 Canterbury Rd., Singapore 0511. Tel. (65) 472-7768. Fax: (65) 274-2334
Mng. Dir. Asia, Rolf D. Kraneguhl. 50 Gloucester Rd., Hong Kong. Tel. 852-2922-1188. Fax: 852-2922-1190
Gen. Mgr. Germany: T. Schlüter, Friedrichstr. 15, 60323 Frankfurt/M. Tel. +49 69/971250-0. Fax: +49 69/971250-20
Pres. U.S.: Michael Canroy. 850 Third Ave., New York, N.Y. 10022. Tel. (212) 752-3890. Fax: (212) 755-8785
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A Flimsy Compromise in Lieu of Partnership

By Jim Hoagland

WASHINGTON — The United States and Russia head toward a summer of soggy compromise over war and peace. Hopes for a clear-cut grand bargain to end the Cold War and launch a new strategic partnership between Washington and Moscow have gone the way of the dodo bird. The partnership hopes seem in retrospect to have been impossibly ambitious.

Bill Clinton and Boris Yeltsin have labored mightily just to keep the world's most dangerous relationship on track. They have a right to herald that accomplishment in this season of summits. But it is important that the American and Russian leaders recognize that they come to a closing.

They have reached an implicit bantam bargain, in which the Russians trade their acquiescence to NATO expansion for a larger but cosmetic role in the major security and economic organizations of the West.

The negotiating tactics deployed by Yevgeni Primakov, President Yeltsin's wily foreign minister, are revealing. Mr. Primakov and others in his ministry seem not to believe that even the small bargain is sustainable in a post-Yeltsin Russia. They allow Mr. Yeltsin to take the entire responsibility for the deal on NATO, certain to be denounced in the Duma as one-sided and ineffective.

Even in private talks, Mr. Primakov carefully refrains from attaching his name or fingerprints to any Russian proposal not previously and publicly blessed by Mr. Yeltsin, one Western negotiator has observed.

The compensation that Mr. Clinton has offered Mr. Yeltsin seems meager when measured against Russian demands. It amounts to a consultative Russian role in NATO, and full Russian participation at the Denver summit of the world's most affluent industrial democracies in June.

NATO has thrown in nonbinding assurances that the alliance will not — for the time being at least — put nuclear weapons and foreign bases in the ex-Soviet satellites that it will take in as members in 1999.

The West also puts off into an undefined future any discussion of alliance membership for the Baltics, Ukraine or other former republics within the boundaries of the Soviet Union. This is the real diplomatic battleground between Washington and Moscow.

Mr. Yeltsin has in fact played the weakest of hands with some skill. On expansion, he had nothing to give but an acquiescence that NATO did not need. In return for not making life difficult, he has entangled Mr. Clinton and German Chancellor Helmut Kohl in a series of personal commitments that are likely to strain the cohesion and consensus of the alliance as the deal unfolds.

That process is due to begin on May 27 in Paris at a NATO-Russia summit, if final details can be settled in the next few days. U.S., German, French, British and other allied officials tell me that it is now virtually certain that NATO heads of government will meet Mr. Yeltsin in the French capital to proclaim a new era of East-West cooperation on security.

Mr. Yeltsin told Mr. Kohl in a recent Bonn meeting that only his personal trust in the German chancellor permits Russia to go ahead with this deal. Russia will not have a veto over NATO action, as U.S. officials ceaselessly emphasize, but Mr. Kohl is honor bound to protect Mr. Yeltsin's interests in NATO decision-making.

After Paris the scene shifts to Denver, where the Group of Seven will for one meeting at least become the Group of Eight. Mr. Clinton has softened the long-standing U.S. opposition to Russian participation in economic discussions at this specific summit, without promising what will happen in the future. U.S. Treasury officials, fearful of weakening G-7 credibility, will still meet their European and Japanese counterparts without the Russians for the rest of the year.

No harm done, right? Not exactly. Italy and Canada are deeply concerned about any dilution of the Group of Seven format, which provides them with a rare forum of equality with other major Western powers. "Italy knows that if there is no serious discussion of the world economy at Denver, the discussion will take place privately somewhere else, probably without them," says a European diplomat.

In Madrid in early July, NATO will hold its summit to welcome a small handful of new members while leaving the Baltics and others in limbo.

Mr. Yeltsin, Mr. Kohl and Mr. Clinton have fashioned a set of personal commitments that suit their immediate political needs. That is not to be sneezed at. But they should not confuse personal trust with strategy, or conclude that what is necessary now will be sufficient for long. They open a major redistribution of power and roles in world politics.

The Washington Post.

An American General Can Help the Chinese to Join the World

By David Shambaugh

WASHINGTON — America's highest-ranking military officer, Chairman of the Joint Chiefs John Shalikashvili, is in China this week to push forward Washington's "comprehensive engagement" policy toward Beijing. His visit is proof that the policy is working.

It embodies four central aims: to reinstitutionalize the relationship between the U.S. and Chinese bureaucracies, including the military; to restore a strategic dialogue at the highest levels; to work together to stabilize Asia-Pacific security; and to discuss security problems that disturb both countries. There are no shortage of these.

China is angry about a large-scale flow of U.S. arms to Taiwan (the first of 150 F-16s have just been delivered) and about strengthened U.S. security alliances with Japan and Australia. In particular, it fears that the U.S.-Japan Mutual Security Treaty has been redefined in ways that would encourage Japan's Self-Defense Forces to take on an increased naval presence in the region and provide logistical support if U.S. forces intervened in any crisis in the Taiwan Strait.

Beijing recently suggested that America's five bilateral alliances in Asia and the Pacific should be abrogated now that the Cold War is over and asserted that "Asians can protect Asian security."

General Shalikashvili's visit provides a key opportunity to respond to these concerns and pass several messages.

He should say that Japan and America have legitimate interest in protecting sea-lanes off East Asia, and that both, while discouraging Taiwan independence, will not accept the use of force against the island.

He will no doubt reaffirm the intention of the United States to continue strengthening its alliances in the region, and reassert that its 100,000 troops (stationed mainly in Japan and South Korea) will remain as long as the host countries desire. Chinese pressure tactics to force an American strategic withdrawal should be vigorously countered.

But General Shalikashvili should explain that alliances do not require enemies, and that regional security can benefit all countries, including China.

His visit offers an important opportunity to seek greater openness in military matters. Concern is widespread in Asia about China's military modernization program.

China does not realize the degree of knowledge about its military among foreign intelligence agencies and experts. It cannot keep its military establishment secret even if it tries.

Greater transparency is the way to dispel fears of a "China threat." Those in the West who warn of such a threat are precisely those who have not studied the Chinese armed forces carefully. They exaggerate the military's capabilities and ignore its pervasive weaknesses. By becoming more open, China will expose its weaknesses and thereby allay fears in the region, while at the same time increasing understanding of its military doctrine and deployments.

General Shalikashvili can discuss concerns about Chinese sales of weapons to rogue states, particularly Iran. China's arms sales abroad are relatively small, at less than $1 billion a year, but they involve destabilizing weapons, especially cruise and ballistic missiles.

But the general should commend Beijing for steps it has taken in arms control in the last two years. It has signed international treaties to prevent the spread of nuclear, chemical and biological weapons, and to ban the testing of nuclear arms. It has said it will adhere to the arrangement for controlling missile technology transfers. It has expressed interest in joining other countries in banning future production of fissile material that could be used to make nuclear bombs.

These achievements are evidence that China is becoming a full and responsible member of the international community and a responsible partner in global security. A strengthening of the U.S.-Chinese military relationship will help encourage further Chinese progress.

The writer is professor of political science and international affairs, and director of the Sigur Center for Asian Studies, at George Washington University. He contributed this comment to the International Herald Tribune.

The Euro-American Alliance Needs to Deepen as It Expands

By Vaclav Havel

The writer is president of the Czech Republic.

PRAGUE — As I follow the debate over whether NATO should be enlarged, I have the strong sense that the arguments are often purely mechanical, somehow missing the real meaning of the alliance. The process of expansion must be accompanied by something much deeper: a refined definition of the purpose, mission and identity of NATO.

The alliance should urgently remind itself that it is first and foremost an instrument of democracy to defend mutually held and created political and spiritual values. It must see itself not as a pact of nations against a more or less obvious enemy, but as a guarantor of Euro-American civilization and thus as a pillar of global security.

Yet the arguments of many participants in the NATO debate, especially those who oppose admitting new members, froze up somewhere in the days of the Cold War. The subtle, instinctive transfer of the old way of thinking into the present is perhaps even more dangerous than the endurance of the clearly anachronistic idea of two powerful systems at war.

For decades, the Soviet Union and the Warsaw Pact were NATO's opponents. But the threat was not dangerous because it was Russian. It was dangerous because it was Communist and totalitarian.

Still, it would be preposterous to believe that after the fall of communism and the dissolution of the Warsaw Pact, over which I presided in Prague, there were no longer threats to Euro-Atlantic values of freedom and democracy.

The danger is not coming from the present government in Moscow. The real threats today are those such as local conflicts fueled by aggressive nationalism, terrorism and the potential misuse of nuclear arms and other weapons of mass destruction.

As the case of Bosnia has shown, NATO — with American leadership — is the only consolidated force capable of effectively confronting such threats while offering other countries, including Russia, an opportunity to cooperate in defusing them.

Certain ways of thinking, which involve clinging to the stereotypical image of a NATO-Russia dichotomy, keep us from being able to stand up to such threats. Some people simply want to continue fighting the Cold War and consider the Russians their chief enemy; they see the threat of Russia as the reason to enlarge NATO.

Others, citing the end of the Cold War, in effect think along the same lines when they say, "Let's not enlarge NATO because it might irritate the Russians," or "Let's not enlarge NATO because Russia is not a threat anymore."

All of them have something in common: Their thinking is deeply rooted in the bipolar world of the past, and they grossly underestimate the variety of dangers that exist for democracy, peace and freedom in the Euro-Atlantic region and elsewhere in the world.

If this way of thinking prevails, it will turn the alliance into a hopelessly antiquated club of Cold War veterans.

Moreover, if NATO fails to live up to the new purpose I am describing, it will encourage some countries — perhaps even including some inside the alliance — to return to the kind of unfortunate situation that existed before NATO, when the most powerful nations divided Europe into spheres of influence and negotiated the regimes that would rule.

History proves that such dealings with sovereign states, as if they were commodities subject to trade, lead to conflict, as was painfully experienced by Czechoslovakia under the Munich agreement of 1938.

For that reason, it will not work to have NATO's enlargement decided by some kind of summit meeting of superpowers — selected NATO member states and Russia. This approach also contradicts NATO's fundamental principle of full equality among members.

That principle has enabled members of the alliance to eliminate centuries-old conflicts, developing and cultivating common values in cooperation, thus producing greater stability.

The opportunity to make decisions about common defense should not be denied a priori to countries that have embraced and advanced Euro-American political and cultural values. Some of the candidates for NATO membership have undergone pain for the sake of these values and have proved willing to protect them, as in the Gulf War and Bosnia.

A security vacuum in Central Europe exists and could arouse unnecessary temptation among nationalists and those we suspect of nostalgia for power blocs and regional dominance.

As I have said many times, if the West does not stabilize the East, the East will destabilize the West. If principles of democracy win in the East, the peace and stability of all Europe will be ensured.

So NATO expansion should be perceived as a continuous process in which the nations of Central and Eastern Europe mature toward the meaning, values and goals of the enlarged and revived alliance.

Seven years ago, when I spoke before the U.S. Congress, I said that if the Americans wanted to help the Central Europeans, they should first of all help the Soviet Union. In principle this remains true. Many of NATO's tasks could and should be undertaken with Russia as a partner.

But such a partnership with Russia must not seek to restrict the sovereign rights of Central European countries or Russia's neighbors to decide on membership in security organizations. Nor must it restrict the alliance's decisions to act.

An enlarged NATO should consider Russia a partner. A new democratic Russia and a revived NATO can actively and quite naturally pursue constructive cooperation in solving concrete problems. After all, they face common threats.

Russia and NATO, for example, have an interest in preventing misuse of nuclear weapons. And there is always the possibility of new, not yet fully recognized tectonic cracks in the security map of the world.

But Russia is nonetheless a Eurasian superpower, so influential that it is hard to imagine that it could become an intrinsic part of NATO without flooding the alliance with the busy agenda of Russian interests.

Perhaps we have not yet progressed enough in redefining the mission and identity of NATO. I believe that expanding the alliance will be a step forward. Not only will it require serious consideration of the purpose and meaning of the alliance, but there will be more of us to take part in this reappraisal.

The New York Times.

Biting Off More Than It Can Chew?

NEW HAVEN, Connecticut — In 1925, to assuage fears about a revival of German aggression, the British government signed the Treaty of Locarno. That committed the British Empire to uphold the eastern borders of France and Belgium.

Widely hailed at the time as a major diplomatic achievement that finally buried the hatchet of the First World War, this unprecedented British peacetime commitment had one drawback — it was not accompanied by any corresponding military preparations.

When the Foreign Office reminded the British chiefs of staff of their Locarno obligations in the following year, the military men coldly informed the diplomats that the country's ground and aerial forces, both greatly reduced in the years of peace, were already stretched in defending the far-flung Empire. "It follows," concluded that chiefs, "that so far as commitments on the Continent are concerned, the Services can only take note of them ... "

Amazingly, nobody in Whitehall appears to have been disturbed at this discrepancy between Britain's proclaimed foreign policy and its actual military capacities. When, 10 years later, Hitler ordered German forces into the Rhineland, there was little that Britain could do about it.

It is worth recalling this story today because in many ways we might be guilty of making the same mistake. A great conflict (in this case, the stressful, expensive Cold War) has come to a close and there is pressure to assuage worries about future security. The defeated Great Power is torn between desire to join the global community and bitterness at its fall and humiliation.

Neighbors who have borne the brunt of its earlier imperialism are anxious for guarantees of their security. And, instead of the British Foreign Office, nowadays we have the U.S State Department pushing for a treaty that would significantly extend the military obligations of the United States and its Western allies.

It is worth asking whether the Pentagon and the rest of the Western military establishment have been requested to undertake an independent study of whether they could actually fulfill these proposed new commitments if a revived, nationalist Russia decided to challenge the status quo at some time in the future.

It is not enough to claim that we can probably pressure the confused Yeltsin government into agreeing to NATO's expansion right now, for that says nothing about the consequences. After all, the concessions made to the West by the Weimar Republic helped to discredit it and fueled the arguments of the nationalists.

If the U.S. Senate is being asked to ratify the new treaty as proposed, and the American people are to support it, then we ought to know what the military planners think about this scheme. One suspects that the attitude of the American Joint Chiefs might be similar to those of their British equivalents in 1925.

— Paul Kennedy, author of "The Rise and Fall of Great Powers" and "Preparing for the 21st Century," commenting for the Los Angeles Times Syndicate.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Socialist Departs

PARIS — The lecture which Mr. Tom Mann, the secretary of the Independent Labor Party, was to have delivered Friday night [May 14] before the Syndicat des Ouvriers des Docks et du Port at the Bourse du Travail was forbidden by the police. On the same day a writ of expulsion was issued and the Socialist leader left Paris. It was explained that Mr. Tom Mann had been given twenty-four hours to get out of the country, on the express condition that he attended no meeting of Socialists.

1922: Lover and Thief

BERLIN — Offended love was the motive Kurt Teichmann brought forward as his unusual excuse in a trial for burglary committed in the house of a Consul of a Foreign Power in Berlin. During the trial he declared that the Consul had seduced his sweetheart and that the burglary was an act of revenge. When the jury sentenced him to four and a half years, the verdict was followed by a touching finale. The young woman who had been the reason for Teichmann's crime walked up to the dock and bid her lover a tender farewell.

1947: Waiting to Wed

COPENHAGEN — The death of King Christian of Denmark and the printers' strike have combined to make it almost impossible to get married or divorced at the present time. One young couple got as far as the altar, but when the priest saw that the special license carried the initials of the late monarch he refused to marry the couple. All stocks of forms necessary for a divorce have been exhausted, and until new ones can be printed it is impossible to get a divorce.

Franco-A

PARIS — "Of course," said the former French prime minister, chatting at a diplomatic lunch. "France and the United States have conflicting interests. America seeks monopolies — aerospace, reactors — wherever you look."

"There's no denying it," said a much younger businessman. "Europe will have to be made on the back of America. Agriculture, films and TV, no end of clashes; it stands to reason that Americans oppose Europe's gaining strength."

The political writer Alain Joxe says in *Le Monde* that

LETTERS TO

About Algeria

Myths ... rooted ... geria.

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Radical ... ing those ... formed the ... Salvation ... determined ... seeking to ... victory that ... compatible ... of Islam.

Although ... listed facts ... checked, ... maintain that ... in Algeria after the ... elections were ... such thinking. ... pummeled and, to some extent, ... justified, and those who ... acted to it are considered ... Criminals but militants ... fending an ideal — and ... such fully entitled to ... quite in any process to solve ... the crisis.

This is how champions of human rights, parliamentarians and opinion makers — people who have not been in Algeria for a long time — have come to be so lenient about the most reactionary Islamic fundamentalism, which kills journalists and academics, rapes and beheads women, commits mass murder and bombing, and destroys and burns schools, factories and other public facilities.

Strange as it may seem, these criminals are put on the same level as the security forces, which are acting in self-defense to protect the Algerian state and population.

Another myth about the 1991 legislative elections should be exposed. The first multiparty elections in Algerian history were rigged on a large scale by the Islamists, who resorted to intimidation, blackmail and gross manipulation. No legitimacy could be recognized or granted in such conditions.

Algeria is being asked to start a dialogue with terrorists ...

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Swiss Gold" (... Turned Gold ...

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OPINION/LETTERS

Franco-American Relations: Boring They're Not

By Flora Lewis

PARIS — "Of course," said the former French prime minister, chatting at a diplomatic lunch, "France and the United States have conflicting interests. America seeks monopolies — aerospace, reactors — wherever you look."

"There's no denying it," said a much younger businessman. "Europe will have to be made on the back of America. Agriculture, films and TV, no end of clashes; it stands to reason that Americans oppose Europe's gaining strength."

The political writer Alain Joxe says in Le Monde that there is no good reason for France to accept integration in NATO because, with the end of the Cold War and changed strategic relations, it would only amount to France's "accepting the role of a foreign legion," to be sent to put out brushfires "in an American system."

The crises in Zaire and, earlier, Rwanda are repeatedly described in the French press as examples of the way the United States is trying to take over Africa and push the French out of their own backyard. There is a knee-jerk assumption that the major, unyielding block to France's playing its proper role in the world is U.S. opposition, usually insidious but sometimes flagrantly hostile.

Bill Richardson, the U.S. ambassador to the United Nations, made a point of stopping for talks in Paris after his unsuccessful effort to push for a smooth change of power in Kinshasa. "France and the U.S. have shared objectives in Zaire," he told a press conference — adding, "Write that, write that" when journalists expressed skepticism.

Personal relations between President Jacques Chirac and President Bill Clinton, who is popular in France, are said to be better than such relations have been for years. There have always been ups and downs, and, intermittently, well-publicized proclamations of deep and enduring friendship to take the edge off the latest well-publicized spat.

The French believe America keeps them from playing their real role in the world.

But the undercurrent of resentment and the assumption of America's absolute hegemonic ambition persists. It can break out again over trivia. It never goes too far, but it never goes away.

This reflex is essentially rooted in what the French call their "political class" — all across the spectrum, left, right and center.

The public at large is not anti-American; there is in fact a historic, sentimental attachment that French and Americans continue to feel for each other. But among the people who analyze and decide on world affairs, there is a deep sense that for France and Europe to flourish, they must show much more vigor in saying "no" to America.

The French are scarcely aware that they do not necessarily speak for Europe in their belief that America seeks to undermine it. The Germans don't hold that view, though in interests of tending the crucial Franco-German partnership they sometimes back Paris. Neither do the Italians or the Dutch, not to speak of the British.

There has been a steady, consistent, fundamental support for European integration in Washington through all administrations since the start of the Marshall Plan 50 years ago, which laid the ground for consolidation. Yet it is assumed in France, no matter how often American leaders say the opposite, that Washington prefers to deal with a divided Europe.

The plan for a single European currency is a case in point. The current official U.S. position is that it is entirely up to the Europeans to decide on this intensely controversial issue, but that the United States has no objections and that Europe's economic vitality is good for the U.S. economy. Deputy Treasury Secretary Lawrence Summers recently declared that "American interests are well served when Europe prospers."

It is evident that the dollar's dominant role as the world reserve currency, which enables the United States to run a huge foreign payments deficit, will be challenged if the euro achieves a strong success. Mr. Summers says the United States isn't worried and doesn't mind the challenge.

But he isn't really believed in France because by their own logic the French expect Washington to try to subvert the plan, which Mr. Chirac justified to his constituents as the only way to "protect" them from the dollar.

Despite the diplomatic rhetoric, there is a disconnect here. Former Secretary of State James Baker writes in support of maintaining and expanding NATO that "it must be remembered that NATO has been as much a political as a military alliance among free states." Enlarging it and establishing a structure for collaboration with Russia, he says, "is part of a global will to replace confrontation with cooperation." He was making an argument to Americans not too sure they want or need to commit themselves to protecting more distant countries.

France still wants the prestige and influence that went with empire but no longer has the means, and looks to Europe to provide the solid new platform for its ambitions.

There really is room for accommodation here. Some interests do conflict. They are overwhelmed by much larger shared needs, a situation that in itself contributes to French irritation.

At least Franco-American exchanges are never likely to get flat and boring.

© Flora Lewis

In a New Social Experiment, Britain Remakes Itself Again

By Philip Allott

CAMBRIDGE, England — Big reversals of fortune in British general elections have always been outward signs of big changes within British society. The election of 1997 is no exception. Britain is in the process of remaking itself yet again in its own peculiar way.

Britain's oddness is Britain's oldest tradition. Penitus toto divisos orbe Britannos, as Virgil said more than 2,000 years ago, a mere 5,000 years after we had indeed been totally isolated by the sea from the rest of the world. "Britain is a world by itself," as about in a polite society. History has vindicated the Tories.

4. We are on the point of dispensing with culture. Britain was not only the land of the free but also the home of the connoisseur, taking expert delight in the best of continental high culture. But we drew the line at *intellectualism. Ideas for ideas' sake* were a symptom of moral degeneracy. But Britons have always been a restlessly imaginative, creative and inventive people, nowhere more so than in games. So now culture has become not merely an industry in the American manner, but the British nation at play.

5. We long since dispensed with religion as spiritual engineering. Voltaire's wise observation, as reformulated by someone else, that we have 60 religions but only one sauce meant that religion was a team sport like everything else. But recently we have developed a powerful new form of psychic engineering. The television soap opera is the British nation in analysis. The whole population experiences night after night, as one unified psychic experience, every conceivable social and moral and psychological problem. As a consequence, the British are becoming articulate and discriminating in such matters, as if they had all graduated from some idealized form of university or as if they had all become French.

6. Someone called us a nation of shopkeepers, and the more sensitive souls in Victorian society shuddered at a nation of philistines whose only genuine spiritual experience was the worship of money and of what it could buy. But money was another thing we did not talk about in mixed company, and economics was, as Carlyle said and everyone agreed, the dismal science. Now, all who can find some sort of employment are chained together in a single chain gang, piling up the wealth of the nation and talking about it obsessively.

7. For the British, women and foreigners were always a problem. The privileged classes left their monastic schools and came across French women who had the disturbing characteristic that they could be intelligent and attractive at the same time and hence, potentially, the equal of men. Foreigners could not be our equals, but they were unfailingly interesting, more interesting than us, so we traveled a lot, and became connoisseurs of foreignness, colonizing absentmindedly along the way. But now we have learned not only that no island is an island, but that all men are equal, and some women are more equal that any men.

These are tides in the affairs of Britain.

The writer, a fellow of Trinity College, University of Cambridge, contributed this comment to the Herald Tribune.

MEANWHILE

Shakespeare made a first-century Briton say in Cymbeline. "In the world's volume, Our Britain seems as of it, but not in it."

Britain's second-oldest tradition is permanent revolution. For Montesquieu it was our supposedly dreadful weather that makes us impatient, and our impatience makes us "incapable of bearing the same thing for any long continuance." Britain has been a busy laboratory of social experiment for 15 centuries. At the end of the third millennium of the series of social experiments that began in ancient Greece, it looks as if, once again, Britain is producing some new results which could be of interest to more serious and sensible people beyond our shores.

1. We have dispensed with a ruling class. And with it has gone the useful piece of civic engineering that used to be called deference. The truth is that no Briton ever touched a forelock with any sense of inner conviction, but now no one shows any ritual social respect for anyone else.

2. We are on the point of dispensing with the idea of government. We have never had to endure that continental aberration known as the State, but we have, for far too long, put up with a very great deal of government, by kings and their acolytes and, more recently, by Her Majesty's Government. What Adam Smith called the "tasks of government" are now being renegotiated and redistributed to whatever person or agency, if any, seems appropriate.

3. We are on the point of dispensing of the idea of politics. Politics used to mean one of two things — either what Thomas Jefferson, speaking of Britain, called the eternal contest of the Ins and Outs, or what, in a continental tradition, purported to be a profound dialectic of ideas. Jefferson described the British government of his time as the "most unprincipled at this day known." While the Whigs, then the Liberals, then Labour tried to introduce talk about principles into British politics, the Tories, later the Conservative Party, had a better idea: Principles are things you know you have, not things you talk

LETTERS TO THE EDITOR

About Algeria

Myths seem to be deep-rooted when it comes to Algeria.

There is evidence that violence by Islamists who aimed to topple the government began long before the 1991 legislative elections. Most of them were arrested, brought before the courts and sent to jail but later were granted amnesty by the former head of state.

Radical Islamists, including those who were released, formed the core of the Islamic Salvation Front, the FIS, and determined its strategy, resorting to violence in the conviction that democracy is not compatible with the precepts of Islam.

Although these are established facts and can be easily checked, many people still maintain that violence started in Algeria after the 1991 elections were canceled. By such thinking, violence is legitimized and, to some extent, justified, and those who resorted to it are considered not criminals but militants defending an ideal — and as such fully entitled to participate in any process to solve the crisis.

This is how champions of human rights, parliamentarians and opinion makers — people who have not been in Algeria for a long time — have come to be so lenient about the most reactionary Islamic fundamentalism, which kills journalists and academics, rapes and beheads women, commits mass murder and mutilation, and destroys and burns schools, factories and other public facilities.

Strange as it may seem, these criminals are put on the same level as the security forces, which are acting in self-defense to protect the Algerian state and population.

Another myth about the 1991 legislative elections should be exposed. The first multiparty elections in Algerian history were rigged on a large scale by the Islamists, who resorted to intimidation, blackmail and gross manipulation. No legitimacy could be recognized or granted in such conditions.

Algeria is being asked to start a dialogue with terrorists that no one would ask, say, France, Britain, Spain or any other self-respecting government to engage in.

It is high time for all those who would comment on Algeria to be more knowledgeable about what is going on in the country and to forget about ready-made ideas that do not fit the facts. In particular, they should refrain from giving good and bad marks to those who are sparing no effort to overcome the present difficulties.

Rather, they should express their solidarity with the Algerian people who are fighting in different ways to prevent their country from becoming another Afghanistan.

MOURAD BENCHEIKH.
Stockholm.

The writer is the Algerian ambassador to Sweden.

Ancient Mud

Regarding "Voices From 1946 Echo in the Debate on Swiss Gold" (May 10) and "Tainted Gold" (Editorial, May 10):

I have not read the Eizenstat report, but I suppose few have. It is astonishing if it concludes that the Swiss "prolonged" the war and that the Swiss attitude should have changed when the German Army got whipped at Stalingrad in early 1943, more than a year before the Allies landed in Western Europe.

This can only increase Swiss support for those who would kill the solidarity foundation and compensation program that the Swiss government has proposed.

In addition to putting the whole process of reconciliation and compensation in even more jeopardy, how can the U.S. government come to these highly subjective conclusions 50 years after and with no direct knowledge of the facts or circumstances? How can the Clinton administration accuse the Truman government of an "enormous blunder" in putting the rebuilding of Europe and fighting communism ahead of squeezing the Swiss more? The challenges facing President Harry Truman were far more daunting than those facing Bill Clinton, and the Clinton record hardly gives him the standing to attack the Truman record, least of all on moral and military matters.

The Swiss government was equally maladroit in its refusal to renegotiate the 1946 agreement before it even read the report.

Mutual recriminations about what happened 50 years ago (when I was in the U.S. Army) serve only to provide ammunition to mischief makers on both sides. Yes, establish the truth of the past, but leave that task to the historians. Both U.S. and Swiss governments should deal with today and rapidly get moral and material compensation to the uncompensated victims of the past, instead of throwing ancient mud at each other.

FRANK PEEL.
Geneva.

U.S. Hypocrisy

Regarding "U.S. Diplomacy Tries Some 'Other' Issues" (May 6):

"We are all one family, and when one part of our family is not happy or suffers, we all suffer."

Those warming and motherly words, in a talk to Guatemalan villagers, come from Madeleine Albright — the secretary of state of the very country which for years aided the Guatemalan military that massacred thousands of Indians.

JOAQUIN GODOY.
Bath, England.

If you want a definition of hypocrisy, try President Bill Clinton's going down to solve Latin Americans' poverty problems while at the same time doing his utmost to sell them arms they don't need.

NORMAN SANDERS.
Ipswich, England.

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INTERNATIONAL

Moscow's New Relationship With West: 'Good-Bye to the Old NATO'

By William Drozdiak
Washington Post Service

BERLIN— The terms of the security partnership reached in Moscow on Wednesday between Russia and NATO portend the most dramatic upheaval in the 48-year history of the world's most successful military alliance.

The "founding act" that prescribes a new era of cooperation between Moscow and the Western security organization once demonized as the ultimate enemy may require a bold leap for the Russian imagination. But it will make far greater demands on the way the American-led North Atlantic Treaty Organization conducts business.

NEWS ANALYSIS

The creation of a permanent council, in which NATO and Russia will discuss security matters ranging from peacekeeping and arms control to terrorism and drug trafficking, may quickly supersede the alliance's main policymaking body that embraces NATO's 16 member nations and the Atlantic Partnership Council linking the allies with other former foes in the East.

Pessimists fear that the NATO-Russia council — to be run by a triumvirate including the secretary-general of the alliance, the Russian ambassador and a NATO envoy who will rotate among existing members — would give Russia a golden opportunity to obstruct NATO's quest for consensus on tricky security issues and would inevitably undermine cohesion within the alliance.

But optimists say the deal with Moscow provides NATO with a new lease on life, after being deprived of its original purpose with the passing of the Cold War. If the relationship with Russia evolves successfully, NATO could emerge as the centerpiece of a new continental security order and the principal guarantor of European stability in the 21st century.

NATO could emerge as the centerpiece of a new continental security order for the 21st century.

"Either way, it means good-bye to the old NATO," a senior alliance diplomat said. "The old days of strength through simplicity are gone forever. We are heading for an unknown destiny. We could end up as the world's powerful force for world peace or a talking shop without any credibility."

NATO leaders plan to gather in Madrid in July to announce new candidates for membership that are most likely to include Poland, Hungary and the Czech Republic. Yet even before the alliance embarks on its ambitious expansion plans, it must confront institutional reforms made even more urgent by the new relationship with Russia.

The most pressing problem is how to cope with organizational demands. NATO's new relationships with Russia, Ukraine and up to a dozen other Eastern states now threaten the alliance with total gridlock. Officials at NATO headquarters outside Brussels say the lack of space and plethora of meetings could inflict a deadening blow on a military alliance that has prized its emphasis on efficiency.

Poland, Hungary and the Czech Republic are worried that they may be excluded from important meetings in which Russia will have a voice while they await full membership status that may take up to two years to ratify.

"It can be a paradox that a country that is not going to join NATO, like Russia, may get a stronger position in relation to NATO than applicant countries," said Wlodzimierz Cimoszewicz, the Polish prime minister. "From that point of view, Poland is interested in achieving at least the same status in the time of our negotiations with NATO."

During six rounds of intensive negotiations, the NATO secretary-general, Javier Solana Madariaga, was constantly reminded by his Russian counterpart, Foreign Minister Yevgeni Primakov, of what Moscow considers its ultimate red line: no encroachment on the territory of the former Soviet Union.

Mr. Solana stuck by what has become one of NATO's uncompromising positions: Every nation must be free to choose its own alliances. While Latvia, Lithuania and Estonia will not be given serious consideration in the first wave of expansion, NATO allies have insisted that this possibility cannot be ruled out in the future.

NATO diplomats say they hope Moscow's lingering fears about the alliance will dissipate as relations become more relaxed in this new phase of closer cooperation. After a period of time, they say, tensions over the prospect of the Baltic states — or even Ukraine or Russia itself — becoming members will not provoke such grave consternation.

In the meantime, NATO plans to press ahead with an expanded version of its military partnership programs with Eastern countries. The new Atlantic Partnership Council will include 27 member states and serve as the main forum for encouraging new democracies to adopt policies, such as civilian control over the military establishment, that are basic criteria for becoming future NATO members.

A serious long-term challenge, NATO officials say, will be the preservation of a predominant role for the United States in the broad security alliance emerging in Europe. Alliance sources say that during the talks with Russia, there were encouraging signs that Moscow did not evince any desire to see reduced American influence. In fact, the officials said that Russia now seemed to endorse the general alliance view that keeping the United States involved in European security was a positive force for stability.

"We all realize the big question of American commitments in the future will lie with the U.S. Congress," said a senior European diplomat. "NATO is about to go through major changes, and so will the American role."

NATO: *Pact to Allow Eastward Expansion*

Continued from Page 1

said it had no current plans to permanently station "substantial combat forces" in Eastern Europe.

The Western diplomat said NATO had not given in to any Russian demands that would have left the new members as second-class nations of the alliance.

The diplomat also said the pact included several confidence-building measures intended to assuage Moscow's concerns. The agreement would create a political council on which Russia will be a member. Separate but related talks on modifying the 1991 Conventional Forces in Europe treaty, which Russia has sought, are to continue.

In his television appearance, Mr. Yeltsin said he had spoken to Mr. Solana just minutes earlier, and "we agreed that NATO was ready to take care of the security of Russia." Mr. Yeltsin said the alliance had agreed not to put military infrastructure and nuclear weapons in the new member states.

"If military forces are not deployed in the newly admitted members, this means that the agreement is being exactly fulfilled," Mr. Yeltsin said. "Nuclear weapons are not to be deployed, no storage facilities are to be used, the infrastructure abandoned by the Warsaw Pact is not to be used for this. This is exceptionally important."

Sergei Yastrzhembsky, Mr. Yeltsin's spokesman, said Russia had succeeded in "incorporating in the document numerous guarantees which to a significant degree reduce or minimize the negative consequences of NATO's expansion for Russia's national interests." He did not spell out the guarantees.

Moscow had demanded that the document be legally binding, but the Western diplomat said it would only be "politically" binding. It will be signed by political leaders — but not require parliamentary ratification — as NATO had sought.

But Mr. Yeltsin insisted in his television appearance that "we clearly see the binding nature of this document. The binding nature."

Mr. Yeltsin appeared somewhat defensive about the agreement, given his high-profile opposition to expansion. The issue is a rallying point for nationalists and Communists, who have advocated a sharper response to NATO. But the question appears to have little resonance among the broader public.

Still, Mr. Yeltsin seemed to go out of his way to pitch the pact as containing the best possible terms for Russia.

While NATO had proposed calling the agreement a "charter" and Russia wanted something stronger, both sides agreed to call it a "founding act," similar to the 1975 Helsinki Final Act, a human rights declaration.

Questioned about future relations between an enlarged NATO and Russia, Mr. Yeltsin was conciliatory. "We will react far more calmly to the situation than we did in the past," he said.

Yuri Kadobnov/Agence France-Presse
NATO's Javier Solana Madariaga, right, in Moscow with Yevgeni Primakov, the Russian foreign minister.

■ United States Is Pleased

The White House on Wednesday applauded the news that NATO and Russia had agreed on the terms of a peaceful new relationship, and said it could result in the Paris signing ceremony this month, Reuters reported from Washington.

"We're obviously very encouraged," the White House spokesman said. He said the prospective agreement was something that President Bill Clinton had worked hard on "for quite some time."

HONG KONG: *Look Who's Upbeat*

Continued from Page 1

Hong Kong office, John McNiven, the Asia-Pacific managing director, also played down any danger.

"I think that investors outside the region generally have very little understanding of the region," he said. "You'll never come across a better-educated, harder-working bunch of blokes than you'll come across in China."

All that said, bankers and investors say there are risks because the "one country, two systems" experiment has never been tried. But most seem to be placing their bets on the idea that Chinese leaders have no desire to kill the free-market system.

Foreign financiers do expect corruption to increase, but they say corruption is a problem in most of the developing world. If pressed, they acknowledge that China might be tempted to manipulate the flow of capital into and out of Hong Kong or tamper with its low tax rate, but generally they reply that this is not a major worry for now.

"What we all worry about the most is an unforeseen event that comes in the form of a mistake or an accident," said John Wadsworth Jr., chairman of Morgan Stanley Asia Ltd. "If it were severe, obviously it would have a devastating impact."

Investors describe the unpredictable in such terms as the decision by tens of thousands of Chinese students to stage pro-democracy demonstrations in Beijing in 1989 and the government's subsequent bloody suppression of the demonstrations.

After that happened, "the border was closed," Mr. Wadsworth said. "J.C. Penney stock went down because their entire fall supply of shoes had to come across the border. But you just can't spend a whole lot of time trying to predict something like that."

All the investment bankers interviewed said their companies were pouring more resources into Hong Kong, not taking resources out.

Even back in 1988, when Morgan Stanley & Co. opened its Hong Kong office, the company was big on Hong Kong because of its proximity to China, Mr. Wadsworth said. That was when Hong Kong had just a small regional stock exchange.

But it was clear that China's growth would spill over into Hong Kong, he said, and that has happened: More than four dozen China-related stocks have fueled the stock exchange's growth.

In 1993, the potential to make money by raising funds for Chinese enterprises was illustrated on an investor tour of China. At the final dinner, each participant was asked to give an assessment. Every person at the meeting held "this extraordinary bullish view of the government officials, the exploding opportunities, the entrepreneurial people they met and the conclusion that this was the most important investment opportunity that they had ever seen," said Mr. Wadsworth.

"And then each one of them would say, 'But what the hell do we invest in?' And I got up at the end of that and said, 'In my 33 years as an investment banker, never have I witnessed an experience where demand exceeded supply by such a extraordinary amount, and I commit to you over the next four years that we will do everything we can to provide product.'"

China also is doing what it can to "provide product," and among the most sought-after investments these days are the ones that have tried to graft a bit of Hong Kong business savvy onto Chinese assets — so-called red chips.

Red chips are China's efforts to break free from poorly managed state-run operations. Generally, red chips are companies controlled by Chinese ministries, provinces or enterprises but based in Hong Kong. Often they use money raised on the Hong Kong exchange to purchase mainland Chinese assets and then attempt to make the assets more profitable.

Guangdong Investments, one of the older red chips, is visited weekly by fund managers, institutional investors and brokerage houses, its executive director, James Jinghua Cai, said.

Mr. Cai gets high marks from investors for trying to inject marketplace ideas into Chinese enterprises. After his firm invested in Shenzhen Brewery, beer prices were set by the marketplace instead of by bureaucrats. The company also firm hired Hong Kong property-management specialists to help run its residential properties.

Now, Guangdong Investment has $1.5 billion in assets, largely in Guangdong Province. The assets include beer companies, hotels, power plants, bridges, property developments and department stores.

BRITAIN: *Blair & Co. Outline Ambitious Package of Changes*

Continued from Page 1

Buckingham Palace to the congressional Palace of Westminster in her horse-drawn state carriage while the air rang with cascading bell chimes and barked orders.

Listening to her in the House of Lords were lawmakers, judges, churchmen, ambassadors and officials of the royal household in a panoply of wigs, tiaras, diadems, ermine-lapeled robes, richly brocaded jackets and silk britches.

This year's list of objectives was the longest in memory and will almost certainly all become law given the Parliament's tradition of party-line voting and the enormous majority, 179 seats in a 659-seat Parliament, that the Labour Party enjoys.

Labour's victory on May 1 ended 18 years of Conservative rule. In its first two weeks in office, the party has shown a level of discipline and energy that has been missing in British public life for years.

In the Commons session that followed the speech, John Major, the former prime minister who occupied the opposition benches for the first time, warned Mr. Blair not to use his great majority to steamroller the depleted opposition.

Other Conservatives criticized Mr. Blair for "triumphalism" and "arrogance" in not having consulted with Commons before announcing earlier this week that he was substituting the 15-minute Tuesday and Thursday prime minister's question time with one thirty-minute session every Wednesday.

But Mr. Blair expressed pride in his government's whirlwind start and said he would not slow down. Speaking for the first time from the prime minister's front-row seat, he said, "In 12 days we've shown how we can make a difference."

He added, "We have started as we mean to go on."

Wednesday's speech codified into legislative language the most dramatic move of the opening days, the decision by Gordon Brown, the new chancellor of the Exchequer, to relinquish control over the setting of short-term interest rates and to turn it over to the Bank of England.

The other broad move by the new government, a signal to Europe that Britain was adopting a more neighborly posture to the Continent, appeared in the speech in previously announced plans to sign the Social Protocol of workplace rules and suggestions and to incorporate into British law the European Convention on Human Rights, permitting Britons to bring human rights cases in their own courts rather than having to go to the European tribunal in Strasbourg.

Most of the promises made Wednesday came from the party's platform, but one — introducing commercial pricing for use of radio waves by mobile-phone operators — was lifted from the Tory manifesto. It is estimated to be worth $1.7 billion, an alluring figure to a new government that is promising increased services without increased income taxes or higher spending.

The major proposals for schools are to phase out a program that paid the private school tuition of low income students and to steer the savings to reducing class sizes of younger elementary school students to less than 30.

On the proposed Parliament with tax-raising powers for Scotland and a less powerful assembly for Wales, the government promised to make proposals for the two bodies this summer and hold referendums in the two countries by the autumn.

In a nod to the working classes and trade unions that once dominated the Labour Party's membership, the government said it would create a national minimum wage. Union leaders have been pressing for a base wage of $7 to $8 an hour, but employers say that anything over $5 will end up costing jobs. The government said it would refer the matter to a new Low Pay Commission, thereby postponing a final decision for at least a year.

Ian Waldie/Reuters
Queen Elizabeth delivering her speech Wednesday at the convening of Parliament that spelled out the new government's legislative objectives.

POVERTY: *17 Percent of EU Population Impoverished, Study Finds, More Than in U.S.*

Continued from Page 1

where only 6 percent of the population is considered impoverished, and highest in countries with less social protection. Portugal had the highest rate of poverty, at 26 percent, followed by Britain and Greece at 22 percent.

The study also did not turn up any direct link between poverty and unemployment, which is running at an average of nearly 11 percent across Europe. Fully one-third of the poor lived in households where at least one person worked, indicating that the working poor are not just a U.S. phenomenon. Another third of the poor were retired, while 13 percent were unemployed and 19 percent were classified as inactive.

The study covered the 12 countries that were members of the EU in 1993, and defined the poor in national terms as people having less than 50 percent of the per capita income in each country.

The poverty threshold ranged from 14,976 Deutsche marks per person annually in Germany ($8,840) to 510,960 escudos a year in Portugal (a little under $3,000). Income figures include cash government benefits, such as pension and child benefits, but not health insurance, which is virtually universal.

The United States defines its poverty line in absolute dollar terms: $7,763 a year for an individual in 1995. The Census Bureau estimated that 15 percent of Americans did not have any health insurance that year.

Until now, most EU studies and programs have been aimed at measuring and reducing income gaps between rich and poor countries rather than measuring the prevalence of poverty across Europe.

While an average of 17 percent of the population across the Union lived in poor households, the percentages varied widely by country, with the wealthy North showing much less poverty than the South. Poverty rates ranged from 11 percent in Germany, 13 percent in Belgium and the Netherlands and 14 percent in France, to 20 percent in Italy and Spain, 22 percent in Greece and Britain and 26 percent in Portugal.

Twenty percent of European children aged 16 or below lived in poor households. Rates ranged from 5 percent in Denmark, 12 percent in France and 13 percent in Germany to 24 percent in Italy, 28 percent in Portugal and a high of 32 percent in Britain.

Poverty rates were highest for single-parent households (at 36 percent), the elderly (27 percent), and for families with three or more children (23 percent). But again, there were stark disparities. While more than half of all single-parent households in Britain and Ireland qualified as poor, only 10 percent of large families lived in poverty in Denmark and France, countries that maintain generous family benefits.

'Amber Chamber' Mosaic Is Unearthed in Germany

Agence France-Presse

POTSDAM, Germany — A piece of marble mosaic from the so-called Amber Chamber of Russia has been found in Germany, the police said Wednesday.

The piece, 70 centimeters (27 inches) by 55 centimeters, was found in Bremen and its authenticity confirmed by experts in Potsdam and St. Petersburg.

The Amber Chamber, covered with amber and encrusted with precious mosaics and gold, was a gift by the Prussian warrior-king Friedrich Wilhelm I to Russia's Peter the Great in 1717.

SUMMIT: *A Wake-Up Call for India and Its Neighbors as Leaders Chart a New Course to Regional Prosperity*

Continued from Page 1

have persisted since Britain, the region's principal colonial power, departed.

One of the most powerful figures at the meeting, a top adviser to the prime minister of one of the largest countries represented, put it this way as he emerged from the convention center in Male, the whitewashed capital of this nation of 1,200 coral islands set 300 miles off the southwest tip of India:

"There's been a mood of real self-reproach here, a sense of, 'We can't go on like this anymore in today's world, in which so many other nations seem to have overcome old enmities and gone forward to the business of creating wealth for their peoples.'"

He added: "I think we've all realized, at last, that we simply cannot allow conflicts rooted in the past to stand in the way of progress for our peoples."

The meeting — formally, the ninth heads of government meeting of the South Asian Association for Regional Cooperation — will be remembered primarily for the extraordinary bonhomie here Monday between Prime Minister Inder Kumal Gujral of India and Prime Minister Nawaz Sharif of Pakistan.

It was the first such meeting in eight years, and featured scenes of goodwill, with both prime ministers saying how much they liked each other, that caused some in their delegations to call the wider meeting the "honeymoon summit."

While little of substance was accomplished in the 90-minutes of discussion between Mr. Gujral and Mr. Sharif, virtually everybody at the wider meeting, including the Indian and Pakistani leaders, said they believed there had been a turning-point in the key relationship in the region.

How much cooperation India and Pakistan have managed in the past can be measured by a single figure, about $1.5 billion, representing the total official and unofficial trade between them last year.

Some economic studies have suggested that this trade could quickly leap to $20 or $30 billion, or more, if the two governments dismantled the prohibitions that they have used to ensnare businessmen on both sides of the border.

But in terms of the paucity of regional trade, this is not all. Another figure cited by Indian officials to demonstrate how much potential there is for wealth creation within the region was that India's trade with all the countries represented at the summit meeting — countries that are India's immediate neighbors, and that define most of India's borders — accounts for less than 10 percent of all of India's trade worldwide.

The figures show that India does far more trade, by billions of dollars, with the United States than with all its immediate neighbors.

"The fact is that for decades, while we've been grousing about poverty and the causes of it, we've simply not been looking in the one direction where we could make immediate and tangible gains — among ourselves," another top official, also an adviser to one of the prime ministers at the meeting, said after the conference ended. "We've constructed all these barriers in our hearts and minds, and now, after 50 years, we've finally decided to start dismantling them."

At the session that concluded their talks Wednesday, the seven leaders announced that they were moving up their target date for accomplishing free trade between their countries, to the year 2001 from the earlier target year of 2005.

They also announced that they would establish what they called an "eminent persons' group," composed of leading figures from the region, to draw up proposals for expanding regional cooperation up to the year 2020.

When A...
By Jane E. Brody
New York Times Service
NEW YORK — He... often warn readers... rates of unnecessa... and counter them w... symptoms who are too quick to... is at least one circumst... doctor surgery that turns out to... who may be more than just... When preoperative tests s... suggest that an inflamed appendix... case of a patient's symptoms, ... possible operation is about further... the main hope of preventing a far... unessential culprit, rupture of a... the appendix, resulting in a p... life-threatening infection of... the abdominal cavity.
Sometimes the surgeon is wr... Some studies suggest that the appe... normal in up to 30 percent... Although the...
A Child Who Lives In Dark Light Is Lethal In Rare Disease
By Marie Williams
New York...
Mahar thought... 5-year-old... to school... against it. If... to wear a... and whole day... and finding a... she would play...
...rendition... rupture of a... ...resulting in a p... ...life-threatening infection of... ...cavity.
Sometimes the surgeon is wr... ...that the appe... ...normal in up to 30 percent... ...although the...
CROSSWORD
ACROSS
1 Sleeve or leg, e.g. (Fashion)
5 Miscarriage
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Harry's
Est. 1911, Paris
"Sank Roo Doe Noo"
A Space for Thought.

HEALTH/SCIENCE

TOMORROW: LEISURE

When Appendicitis Is Suspected, It's Wise to Act Quickly

By Jane E. Brody
New York Times Service

NEW YORK — Health writers often warn readers about high rates of unnecessary surgery and caution them to beware of surgeons who are too quick to operate. But there is at least one circumstance in which surgery that turns out to be unneeded may be more than justified.

When preoperative tests strongly suggest that an inflamed appendix is the cause of a patient's symptoms, the surgeon who operates without further delay does so in hope of preventing a far more serious complication: rupture of a germ-laden appendix, resulting in a potentially life-threatening infection of the entire abdominal cavity.

Sometimes the surgeon is wrong. Some studies suggest that the appendix is perfectly normal in up to 30 percent of operative cases, although the usual number is less than 10 percent. Mistakes can be made even with the most sophisticated diagnostic tools. But as often as an appendix is removed unnecessarily, the diagnosis is missed until the problem has become far more serious.

And a mistake resulting in surgery for a healthy appendix may even be preferable to inaction because of delayed diagnosis. That was certainly the experience of Marilyn Murray of Chatham, New Jersey, who arrived at her local hospital emergency room at 6 A.M. one day with abdominal pain so severe she found it difficult to talk.

She had some classic signs of an infection: a slightly elevated level of white blood cells and a low-grade fever. But it took 30 hours before doctors decided that Ms. Murray probably had an infected appendix and needed an emergency appendectomy.

By that time, she said, she began to think she might die and told the doctor, "You have to do something. I am going downhill fast."

After the surgery, she had to be given three antibiotics intravenously to counter the abdominal infection caused by her perforated appendix. Her recovery was greatly prolonged. An avid exerciser, she estimates that it will take three months before she is able to return fully to her usual activities of cycling and brisk walking.

The appendix is, as its name implies, an appendage, a thin, worm-like pouch averaging 3½ inches in length and half an inch in diameter. It extends into the abdomen from the uppermost section of the large bowel, but has no known digestive role in people, although in some animals the appendix aids in processing plant materials that humans cannot digest. And while the appendix contains lymph tissue, suggesting that it was at some point in evolution a part of the immune system, it plays no known role in immune defenses. Thus, for all intents and purposes, the appendix is a useless appendage that serves only to cause trouble in about 4 of every 1,000 children under 14 and in 1 in 15 adults.

The peak age for appendicitis is from 15 to 30. Acute appendicitis is the most common reason for performing abdominal surgery in children and adults.

APPENDICITIS results when a piece of food or hardened feces blocks the opening of the appendix and prevents it from draining into the bowel. Some experts believe that the rise in appendicitis early in this century resulted from a decline in dietary fiber and consequent increase in constipation. The blocked appendix becomes filled with pus and bacteria, and the resulting infection causes abdominal pain that often starts in the upper-middle abdomen before subsiding and then moving to the lower right side, where the appendix lies.

As the pain of appendicitis, which is made worse by movement, intensifies, other symptoms often develop: loss of appetite, nausea and vomiting, constipation and fever. And when a doctor examines a patient with appendicitis, the lower right abdomen is often tender to the touch.

The problem with diagnosis is that many other abdominal conditions can cause similar symptoms, including bowel diseases like diverticulitis and Crohn's disease, a ruptured ovarian cyst, an infection of a fallopian tube or a ruptured ectopic pregnancy.

Further complicating the diagnosis is the fact that a large minority of patients with appendicitis do not experience the classic symptoms.

It's important not to take a laxative when you have abdominal pain or other symptoms suggestive of appendicitis. It could cause an infected appendix to rupture. And do not ignore abdominal cramps and tenderness that you cannot readily explain. This is especially important in children, who may be unable to describe the nature of their pain. When a child has more than a routine bellyache, and especially if the child vomits, has fever or lies with knees bent and is unwilling to straighten them, call the doctor without delay.

Treatment of appendicitis is always surgical, although if there is widespread abdominal infection, surgery may have to be delayed until antibiotics bring the infection under control. In uncomplicated cases, recovery is rapid. Patients return home within a few days and gradually resume normal activities within a few weeks.

Since the decline in complications and deaths from appendicitis that accompanied the advent of antibiotics, there has been little or no further change, largely because of missed or delayed diagnoses.

A Child Who Lives In Dark *Light Is Lethal In Rare Disease*

By Monte Williams
New York Times Service

LAGRANGE, New York — Caren and Dan Mahar thought about sending their 5-year-old daughter, Katie, to school once a week this fall, but decided against it. It would have meant her having to wear a sleeping bag over her head while she was being transported and finding a windowless room where she could play and learn.

A rare genetic disease, xeroderma pigmentosum, has made Katie a prisoner of light. The sun, even the slightest bit, is her enemy, causing severe burns, blistering and, almost inevitably, skin cancer.

"Basically, the school nurse, principal and special education teacher kept saying, 'It all depends on how much risk you're willing to take,' " Mrs. Mahar recalled. "I thought about it, and I'm not willing to take any risk. We've kept this child in the house for two and a half years. Being with other children is important, but not worth risking her health."

So for the foreseeable future, Katie will get her lessons via video telephone at home, a yellow Colonial house with black shutters on a rural lane in this suburb of Poughkeepsie. The special phone is just one of many steps Katie and her parents have taken to help her cope with xeroderma pigmentosum, or XP.

While some families can be destroyed by the extraordinary demands of such a condition, others, like the Mahars, respond in ways that benefit their own child and the handful of others similarly afflicted, helping to mold them into a community.

The Mahars have started a summer camp where children play at night and sleep in the day. They began a support group, now with 2,000 members worldwide. And in a thoroughly modern response, they established a home page on the World Wide Web (http://www1.mhv.net/xps/) full of research, the history of the disease and the camp schedule.

Patients with the disease have a defect in their DNA repair mechanism that leaves them unable to mend damage caused by ultraviolet rays. Both of Katie's parents carried the recessive gene for the disease.

Joyce Dopkeen/The New York Times

Katie Mahar peering out of her dark world, left; backyard play at night.

Sufferers are 1,000 times more likely to develop skin cancer than nonsufferers, said Dr. Kenneth Kraemer, a research dermatologist at the National Cancer Institute. Patients are also likely to get growths, cancerous and noncancerous, on their eyes.

About 20 to 30 percent of patients degenerate neurologically, suffering mental retardation and losing the ability to hear, talk and walk. Those not protected starting in early childhood usually do not live past their teens or 20s.

In many ways, Katie, a smart, spirited child with a full-moon face and big brown eyes, looks like any other 5-year-old. She fights with her older siblings, Teresa, Danny and Brendan. She counts past 30. She treats her bed like a trampoline.

RIGHT now, she is trying to figure out where she fits in her universe. Her mother says she asks, "How come I have XP, and you don't and Daddy doesn't and Brendan, Teresa and Danny don't?"

She wants to know if her goldfish have XP since they do not go out either.

"I tell her no, but maybe Santa Claus does, maybe the tooth fairy does," Mrs. Mahar said. "They only go out at night. I've also told her everybody has something that somebody else doesn't have. It just makes them special. Of course, she didn't buy that for a minute."

Protecting Katie from ultraviolet rays takes thought and effort.

Even though she remains indoors, she is covered head to toe with sunscreen in the morning. In the afternoon, more sunscreen.

In the summer, she is slathered with sunscreen six to eight times a day. The car windows are tinted. The house windows are also tinted, and shaded with blinds and curtains.

The family put garbage bags on the windows until a glass-tinting professional donated the tinted windows. The doors and windows are always locked, so no one accidentally exposes Katie to sunlight.

Her pediatrician visits her at home. Though she goes out at night, she is usually restricted to the backyard, where she swings or plays ball with her family.

Incandescent light bulbs do not affect her, but she is sensitive to halogen headlights so she wears sunglasses when riding in the car. She is also sensitive to unshielded fluorescent lights, found in many stores and fast-food restaurants. The Mahars use light meters, also donated, to determine the power of ultraviolet rays in indoor places.

"The other day, she asked me, 'Why don't you take me to lunch at McDonald's?'" Mrs. Mahar recalled. "She knows that's not a possibility, so I figured she must have seen it on a commercial."

Logging Spurs Gabon Chimp War

By William K. Stevens
New York Times Service

NEW YORK — Logging of tropical forests in the central African country of Gabon appears to have touched off a savage territorial war among chimpanzees in which four of every five chimps die, says a field biologist for the Wildlife Conservation Society.

With an estimated 50,000 chimpanzees, Gabon has until lately accounted for a third to a half of a total African chimp population, estimated at 100,000 to 150,000. But the chimpanzee wars have apparently reduced the Gabonese population to about 30,000, and it could ultimately fall to 10,000 if most of the country is logged as now planned, the biologist Dr. Lee White said.

The fear is that the central African subspecies of which the Gabon chimps are members might become endangered, as are two other subspecies in western and eastern Africa. The findings from Gabon are especially startling because the logging is selective, intended to minimize damage to the habitat of chimpanzees and other animals.

No more than 10 percent of the trees in a given tract are cut, Dr. White said at a briefing last week in New York sponsored by the society, which has its headquarters at the Bronx Zoo. Nor is there any hunting in the area studied by Dr. White. And no other large animals like elephants or gorillas appear to have suffered. But chimps, the animals most closely related to humans, are known to be highly jealous of territory, patrolling and defending borders constantly. Even without logging, violent clashes are known to erupt in which chimps kill each other with their bare hands and feet. In at least two documented cases, large communities of chimpanzees have systematically hunted down smaller ones and killed all members.

What is happening in Gabon, Dr. White believes, is that as mechanized logging operations advance on a continuous front three to six miles (five to eight kilometers) wide, their approach frightens the chimpanzees, which are not used to humans and have never encountered big, noisy machines.

So they flee — right into the territory of the next chimp community. When that happens, Dr. White said, "you're essentially going to kick-start a chimpanzee war." The males from the invaded community attack the interlopers, and many die. Then the loggers keep coming. The invaded community itself is displaced onto the next community's territory. New warfare breaks out, Dr. White believes, "and this process goes on and on and on and on as the loggers move through."

Dr. White said he and his African colleagues "have a scientific reluctance to shout about this effect," since they have not actually observed a chimpanzee war in progress. But all signs point in that direction, he said.

First, he said, it is clear on the basis of sampling surveys of chimpanzee nests, scats and actual animals in Gabon's 2,000-square-mile (5,200-kilometer) Lope Reserve that the population of a given community falls by 80 percent just after the loggers go through.

Second, Dr. White observed chimp behavior suggesting a war atmosphere. In one area where he was surveying the effects of logging, the chimpanzees were extremely agitated, drumming on trees, calling to each other and even rushing Dr. White.

"On a number of occasions they mobbed me," he said. "I had whole chimpanzee communities charging to about five meters and screaming at me, and that's very unusual behavior." He interprets this as evidence of "a very stressed chimpanzee community, which is exactly what we would expect if this sort of chimpanzee war was going on."

WHY are gorillas not affected in the same way? One reason may be that home ranges of gorilla groups commonly overlap and aggression between groups is rare. Dr. White and a colleague, Dr. Caroline Tutin, make this point in a chapter prepared for a forthcoming book, "African Rain Forest Ecology and Conservation." Also, they say, that when conflict does occur the mode is different. Gorilla groups depend on a dominant male for protection rather than engaging in group combat.

BOOKS

THE WISDOM OF THE BODY

By Sherwin B. Nuland. Illustrated. 395 pages. $26.95. Alfred A. Knopf.

Reviewed by
Christopher Lehmann-Haupt

DR. Sherwin B. Nuland, clinical professor of surgery at Yale University, is best known for his most recent book, the best-selling "How We Die." His new book, "The Wisdom of the Body," could well have been titled "How We Live." Instead of how the body shuts down, Nuland writes of how the body starts up, and how it keeps going and going and going, despite every obstacle.

He writes here of cell structure and stomach aches, of appetite and arrhythmia, of lymphocytes and life itself. He explains, "Not alone the structure of us, but also the infinite variety of processes by which we maintain that singular constancy and unity of moment-to-moment life, has inspired me to write this book — I want everyone to know what I have come to know."

What Nuland has come to know can remind the reader of biology class : the purpose of inflammation, the two hemispheres of the cerebral cortex, the three layers of the embryo, the four chambers of the heart, the 11 qualities of living things (respiration, circulation, responsiveness and so forth).

What he lectures about can be wonderful: how "groups of enzymes are at all times moving along the many strands of DNA, patrolling them for damaged or abnormal areas, which they fix immediately on discovery." Or how capillaries in the arterial system can be so narrow that blood cells move through them "single file," sometimes even having to "bend just a bit in order to get through."

And his love of word origins is instructive: "artery derives from a Greek word meaning 'air duct,' based on the ancient belief that these vessels contain not blood but an airlike essence called pneuma."

Carotid derives from the Greek karotikos, or stupefying, "which is the effect resulting from squeezing tightly on those arteries."

He adds, "For obvious reasons, garrote has the same origin." And sphincter "originates with the legendary Sphinx — the strangler of Greek mythology — who killed people by squeezing them into asphyxiation should they fail to solve her riddle."

But his lecturing can also be tedious, and could have asphyxiated his book were it not for a series of stirring anecdotes.

In the first and best of them, Nuland happens to be visiting a hospital emergency room when he hears a desperate page for "any general surgeon!" He dashes into the operating OR, sees a woman near death with her stomach cut open, and proceeds to save her life by skillfully searching out and mending an aneurysm of her splenic artery.

WHAT do these always engaging medical tales have to do with the point of Nuland's book? Not very much, except to illustrate what can go wrong with, say, the lymph system (a case of breast cancer). Or meiosis ("the upside of Down" syndrome, as he puts it). Or a worn-out heart (the need for a transplant). Or when Nuland breaks his rule not to perform even minor surgery in his examining room and snips off a colonic polyp (dangerous hemorrhaging due to a rare blood-coagulation disorder).

Why does he call his book "The Wisdom of the Body," a tribute, he admits, to earlier lectures or books of the same name by Ernest Starling, one of the two co-discoverers of hormones; Walter B. Cannon, a medical populizer who tanght at Harvard, and Sir Charles Sherrington, Nobel laureate for his studies of the ways in which the nervous system coordinates bodily functions?

Here the integument that binds this book into a coherent whole thins almost to the breaking point. From the outset, Nuland espouses a philosophy holding that "we are greater than the sum of our biological parts."

He goes on, "No matter how similar our parts to those of other animals, there are to be found within them some characteristics that make us uniquely human."

After describing at great length how human body parts work, he concludes: "It is my thesis that responsiveness to our internal and external environments and adaptation of our pre-existing biological equipment make us what we are. The human spirit is, I believe, the generated product of our innate biology, encompassing the molecular behavior of our cellular structure. Nothing more need be sought." In short, the body is wise enough to take care of itself.

But where such philosophizing doesn't lead him into murky incoherence, it prompts him to overstate the obvious: "Since the members of our species first became defined by our distinct genetic characteristics, we have called upon those reserves in as-yet-incomprehensible ways in order to struggle against the looming threats that are everywhere the constant accompaniment to our existence on this planet."

Very soon, the reader grows impatient with his efforts to aggrandize his all too human material. For instance, after his breathtaking account of how he saved the life of Marge Hansen, the woman with the splenic aneurysm, he tells us winningly of the huge elation a doctor feels after performing such a heroic intervention.

But then he muddies the effect by wordily intoning, "if there ever was a woman capable of responding to nature's assault with the entire battery of mechanisms provided by that selfsame nature to maintain homeostasis in the face of its own attempts to disrupt it, it was Marge Hansen."

Stop fudging, you want to shout back; the hero here was Sherwin B. Nuland!

Christopher Lehmann-Haupt is on the staff of The New York Times.

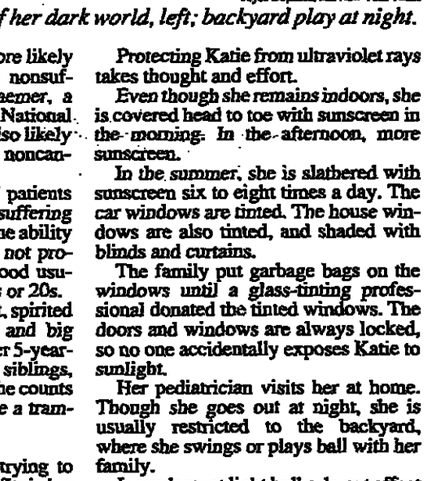
CROSSWORD

ACROSS

1 Delete, in a way
4 Low blow?
8 Glacial ridge
13 Run of the ranch?
14 Riyadh resident
15 "—— crying over spilt milk"
16 Alpine aster
18 Pound
19 *Kind of show*
20 Radical
21 Fluid container
22 Baryshnikov's former co.
25 ——Magnon
26 Attach, as a patch
28 Antwerp artisan
30 Saw in the direction of the grain
31 Jackie's second
32 Game plan
34 Pitching *credit*
36 Saki story
38 —— *Thai* (official name of Thailand)
39 Unskilled writer
40 67-Across employee
41 Stupidity
43 *Went* underground
44 Rhoda's mom
45 Eskimo's environs
48 Corrida cheer
50 —— deferens
51 *Pilot's heading*
52 God whose symbol was two horses' heads
53 Three on a match?
55 Model *Campbell*
57 Rod with a racquet
58 Distinguished politicians
62 *Concerning*
63 A head of Time
64 A head of France
65 They make a mint
66 Epitome of 41-Across
67 Tax agcy.

DOWN

1 Group of signs
2 Instant *impression*
3 Former Rhode Island Senator
4 —— *kwon do*
5 One of the Four Forest Cantons
6 ——-relief
7 Bodybuilder's pride
8 Degree of randomness, in science
9 It's near *Piccadilly*
10 "Seven Samurai" director
11 Arcane
12 Yankee's foe
13 1988 *Peter Allen* musical
17 Doc's best friend
20 Brigs, e.g.
23 Where the *U.S.S. Cyclops* disappeared
24 Shocks
25 "Rambo" actor Richard and kin
27 Flirtatious signal
29 Prufrock creator's Inits.
33 *Bill*
35 Canyon feature
38 Mike Hammer's creator
37 Restyled
39 33d Pres.
41 Distracts
42 Public to-do
46 Fraternal twin, in chemistry
47 Bill Haley's backup
48 Round-*Manhattan* cruise company
54 Outlet
56 Wine region
57 Varnish ingredient
58 - -pitch softball
59 *Formal wear, informally*
60 Crackerjack
61 Part of a royal flush



Puzzle by Mark Elliot Shoskey

© New York Times/Edited by Will Shortz.

Solution to Puzzle of May 14

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S	H	E	S		S	U	P	E	R		T	E	A	R

Harry's
Est. 1911, Paris
"Sank Roo Doe Noo"
A Space for Thought.

BRIDGE

By Alan Truscott

IN general, tournament players in North America win glory but not cash.

An exception is the Calcutta event, in which entrants are purchased before play begins, by themselves and others, perhaps other contestants. The money is then distributed according to the results.

The biggest is the Cavendish Pairs, in which many world-class players compete. A year ago the pool was $900,000, and it is likely to be in seven figures this year. After 22 years in Manhattan, play is in Las Vegas.

For many, the greatest pleasure that bridge can provide is to beat an "unbeatable" contract. An elegant example is the diagramed deal from a rubber bridge game, and the hero in the East seat was Albert Silber of Southfield, Michigan, long one of the best players in the Midwest.

The North hand was typical for an opening bid followed by a jump raise: 16 high-card points and unbalanced. A balanced hand would have opened one no-trump.

South had plenty in reserve to bid four spades, and that appears impregnable.

After the lead of the diamond queen, East knew the declarer had the diamond ace.

There was no future in the heart suit, and apparently none for the defense. But when South won with the diamond king and led a trump, Silber was ready. He put up his ace and led the club two. West took the ace and returned the suit.

South was now in jeopardy. It seemed that the club two was a singleton, in which case playing dummy's king would be fatal. So he finessed the jack, and was deflated when Silber produced the queen and gave his partner a club ruff to defeat the "unbeatable" game.

NORTH(D)
♠ K 9 7 2
♡ A Q
◇ K 3
♣ K J 10 8 3

WEST
♠ 5 3
♡ 9 8 7 6 3
◇ Q J 10 7 2
♣ A 4

EAST
♠ A 4
♡ J 10 8 5 2
◇ 9 8 6 4
♣ Q 9 2

SOUTH
♠ Q J 10 8 6
♡ K J 4
◇ A 5
♣ 7 6 5

Both sides were vulnerable. The bidding:

North	East	South	West
1 ♣	Pass	1 ♠	Pass
3 ♣	Pass	4 ♠	Pass
Pass	Pass		

West led the diamond queen.

Old NATO'
Ukraine or Russia itself — becoming mem... will not provoke such grave consternation... the meantime, NATO plans to press ahead ... an expanded version of its military pa... programs with Eastern countries. The ... Partnership Council will include 27 ... states and serve as the main forum for ... aging new democracies to adopt policies ... civilian control over the military a... ment, that are basic criteria for becoming ... NATO members.
... long-term challenge, NATO w... say, will be the preservation of a po... ant role for the United States in the Unit... y alliance emerging in Europe. Alliance ... say that during the talks with Russ... were encouraging signs that Moscow d... ince any desire to see reduced American ... ce. In fact, the officials said that Russ... emed to endorse the general alliance ... eping the United States involved in Eur... security was a positive force for stabilit... e all realize the big question of America ... tments in the future will lie with the U.S ... O is about to go through major change ... will the American role."
HONG KONG: Look Who's Upbeat
Continued from Page 1
Hong Kong office, John McNiven, ... Asia-Pacific managing director, ... played down any danger.
"I think that investors outside the ... region generally have very little ... standing of the region," he said. "You ... never come across a better-educated ... harder-working bunch of blokes ... you'll come across in China."
All that said, bankers and ... say there are risks because the ... country ... never been ... Chinese ... free-market ...
... would spit ... and that ... found ... In 1993 ... by many ... was ... China. At ... incident ... Every ... embarrass ... manners ... bankers, ... and the ... most important ... that they had ... Wadsworth.
"And then ... But what the ... I got up at the ... 15 years as ... knew I ... demand ... wondered ... over the next ... everything ... China ... "provide ... single ... the ones that ... Hong Kong ... Chinese ... find ... fate from ... nations. ... companies ... arrive, ... based in Hong ... Hong Kong ... many raised ... change to ... talent and ... more ... Guangdong ... and ... managers, ... manager ... Jardine ... Can get ... for trying ... into China ... interested in ... many ... all of by ... Hong Kong ... Hong ... and of ... Hong Kong ... Mr. ... Hong Kong ... stock ...
But ... would ... and ... found ... In 1993 ... by many ... was ... China. At ... incident ... Every ... embarrass ... manners ... bankers, ... and the ... most important ... that they had ... Wadsworth.
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INTERNATIONAL FUNDS

May 14, 1997

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هكذا من الاصل

Herald INTERNATIONAL Tribune

BUSINESS/FINANCE

THURSDAY, MAY 15, 1997

Thailand Gets Help For Baht

Singapore Intervenes As Markets Tumble

Compiled by Our Staff From Dispatches

BANGKOK — Thailand's economy took a beating Wednesday as share prices plunged and the Bank of Thailand was forced to call on Singapore to help to fend off speculators and support the Thai currency, the baht.

Investors frantically unloaded stocks amid unease over who was holding the economic reins of the country and rumors that the baht would be devalued.

Those fears were set off by concerted intervention on foreign-exchange markets by the Bank of Thailand with the help of the Monetary Authority of Singapore to support the baht.

Still, the dollar rose to 26.097 baht, from 25.930, amid rumors that the central bank might resort to a devaluation, analysts said. The Stock Exchange of Thailand index dropped 4.8 percent, to 571.30 points, its lowest level since December 3, 1991, when the index stood at 544.32 points. The market has fallen 31 percent this year.

The move by Singapore was the first test of a pledge by central bankers in the region to safeguard each others' currencies.

Thailand, hampered by dwindling exports, a property-market crisis and a rapidly slowing economy, has fended off criticism for more than a year that its widening current-account deficit and mounting foreign debt would weaken the baht.

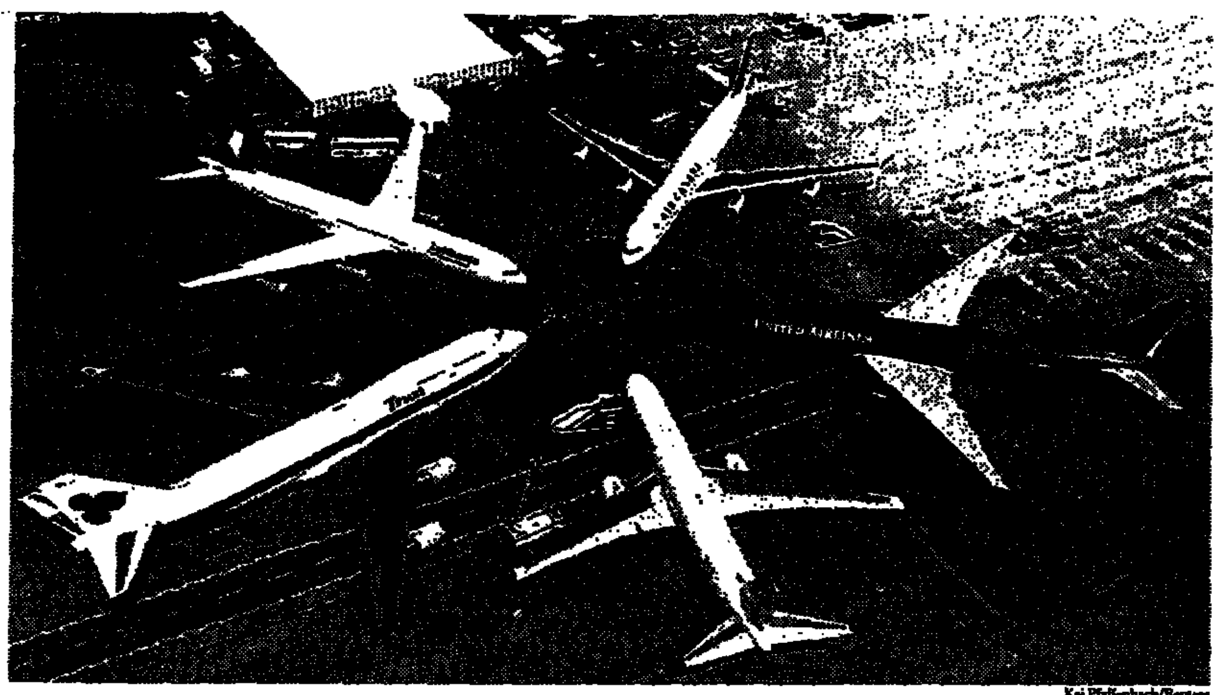
After Mexico devalued its currency in December 1994, the Bank of Thailand and seven other central banks agreed to provide each other with emergency cash if any of their currencies came under attack.

"Foreign investors believe that the baht will be devalued by 10 to 15 percent, and they are selling everything because they want to convert their baht to dollar," said Chalavibha Makchaidee, an analyst with Krungthai Thanakit.

Adding to the concern over Thailand is doubt within the government over whether Finance Minister Amnuay Viravan should remain as Thailand's top economic official.

Such finger-pointing will not help Mr. Amnuay convince investors that he can turn the economy around.

(AFP, Bloomberg)



Kai Pfaffenbach/Reuters

Jets from five companies forming a star at Frankfurt Airport on Wednesday to symbolize the new alliance.

United and Lufthansa Firm Up Pact

By Barry James
International Herald Tribune

Five major airlines including Germany's Lufthansa AG and United Airlines of the United States announced Wednesday they were strengthening an existing sales and marketing pact under a single brand called Star Alliance.

The agreement, announced by the five partners in Frankfurt, is part of a global trend that has seen the world airline market coalesce into half a dozen mega-alliances as they seek to cut costs and gain market share.

The aim of the Star Alliance, said Juergen Weber, chairman of Lufthansa, is to improve efficiency for the airlines and offer passengers a more seamless service.

The airlines said they were not contemplating a merger, an exchange of equity or the disappearance of their own names or branded products. The other members are Scandinavian Airlines System, Air Canada and Thai Airways.

The Brazilian carrier Varig also signed on as a member Wednesday, and Mr. Weber said he hoped South Africa Airways would join in the near future.

The alliance could also bring in bilateral partnerships with other airlines, such as Lufthansa's code-sharing deal with British Midland, with which it will begin operating joint flights between London and Cologne on May 26.

Frederick Reid, the American-born president of Lufthansa, said recently that the airline was looking for a partnership with another Asian carrier.

The Star Alliance forms part of a global trend of airlines seeking to expand international markets. Lufthansa, which has recovered from a major financial setback, is dependent on its partnership with United Airlines for access to the American hinterland. In turn, the partnership enables United to circumvent the shortage of slots and other facilities at European destinations.

There are about 400 alliances and code-sharing deals around the world, according to industry figures, but most of the attention has focused on the megadeals such as the one consolidated Wednesday.

The most controversial of the alliances is the one between American Airlines and British Airways, which faces possible antitrust action both in Europe and in the United States because of its domination — more than 70 percent of flights between London and New York — of the British-American market.

The American Airlines president, Robert Crandall, who once called code-sharing deals "the biggest con trick in history," said Wednesday that the birth of the Star Alliance should remove any objections to his airline's proposed link-up with British Airways.

He said the Star Alliance represented annual revenue of more than $42 billion, compared with $27 billion for the proposed American Airlines-British Airways partnership.

The Star Alliance partners, who will spend $25 million advertising and promoting their new brand, said they did not envisage regulatory difficulties because the partnership did not involve sharing revenue or combining flights. The alliance calls for common branding in marketing and advertising, coordination of routes and code-sharing, and integration of ground operations. Passengers will be able to amass and redeem frequent-flyer benefits with any of the alliance partners.

The five Star Alliance partners have more than 210,000 employees and flights to 578 cities in 106 countries.

The five airlines forecast annual growth in passenger traffic of 5 percent to 6 percent in coming years.

Lufthansa said cargo shipments would grow by 6 percent to 7 percent.

Telekom Shares Drop As Bonn Ponders Sale

State Hunts Funds to Meet EMU Target

By John Schmid
International Herald Tribune

FRANKFURT — The government said Wednesday it was considering holding an emergency sale of shares in Deutsche Telekom AG to raise money to reduce its budget deficit in time to join Europe's single currency.

Unloading additional Telekom shares is one of several controversial options floated by government officials this week to plug growing budget holes. Bonn is expected to announce as soon as Thursday a spending freeze and new measures to cut the welfare budget.

Other possible moves to qualify for monetary union could include an increase in government borrowing, previously a taboo subject in Chancellor Helmut Kohl's center-right coalition, as well as an increase in the petroleum tax, which would contradict the spirit of a separate government priority, to lower the nation's tax burden.

The surprise announcement of a possible sale of additional shares in Deutsche Telekom — three years earlier than planned — sparked a sell-off of Telekom shares as investors worried that the value of their stakes would be diluted. The shares closed down 93 pfennig, at 39.20 Deutsche marks ($23.07). One group of Telekom shareholders called the government's proposal a "breach of trust."

The Telekom proposal, floated by Finance Minister Theo Waigel, could hardly have come at a worse time for investors or the stock market, which was already expecting a flood of shares in the company to be sold off next week. Investors who bought shares in the company's huge and successful initial public offer last November will be free beginning Monday to sell them without incurring hefty capital-gains taxes.

Ron Sommer, the chairman of Deutsche Telekom, tried to downplay the uproar caused by Mr. Waigel's announcement. He said German law required Bonn to seek approval from Telekom for a sale of shares that would affect the public share market before December 31, 1999. "We will ensure that the interests of the nearly 2 million shareholders are not affected," Mr. Sommer said.

The struggle to qualify for monetary union has carried steep political costs for Mr. Kohl's coalition. Proposals to increase taxes could alienate the Free Democrats, the governing coalition's anti-tax junior party.

Wolfgang Gerhardt, chairman of the Free Democrats, said a tax increase "would be poison for the economy."

The apparent confusion among government ministers and party leaders Wednesday indicated that Mr. Kohl's government lacked a clear strategy to come up with money to cut the government's deficit to 3 percent of gross domestic product, one of the European Union's criteria for joining in the launch of the euro, analysts said.

"The government is totally helpless," said Gerhard Grebe, an economist with Bank Julius Baer.

The government will need to find a strategy quickly. On Thursday, a panel of government and central bank officials will finish a report with a projection for this year's shortfall in tax revenue. Opposition officials say 1997 taxes could be running as much as 20 billion DM below target.

After the results of those tax delib-

See SALE, Page 14

INTERNATIONAL MANAGER

Can Nordstrom Climb Out of Its Regional Holes?

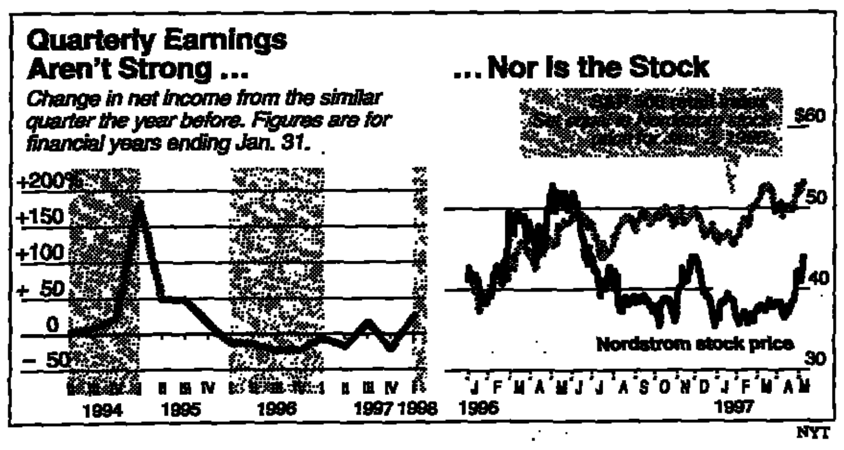
By Jennifer Steinhauer
New York Times Service

NEW YORK — Nordstrom Inc. is the ultimate in customer service among mainstream American retailers; so why is the company only now starting to crawl out from under almost two years of dismal results?

The specialty retailer, which has 83 stores in 17 American states, boasts sales of roughly $400 a square foot, a number that others who work in retail, where the average is closer to $220, reach only in their dreams. Its sales grew more than 8 percent last year, to $4.5 billion, and its stores openings in new areas unfailingly draw big crowds, to the chagrin of competitors who have slugged it out on the same turf for years. Nordstrom's debt is puny by industry standards, and it has enough capital muscle to buy back its stock.

Yet Nordstrom's earnings were slammed quarter after quarter in the past two years. The stores last year became so bloated with women's clothing that managers were forced to take major markdowns. The holiday season was a dud. Customers moaned that the stores looked dull.

Even retail analysts, traditionally optimistic in their view of embattled retail stocks, threw up their hands. Maybe, they seethed, the company pampered customers too much. This week, Nordstrom's results began to show improvement, largely because of a slower pace of store openings. On Monday, the company announced that its first-quarter income was $32.3 million, a 25 percent increase from a year earlier. Its stock rose on the news, to stand at $44.625, up 62.5 cents, in late Nasdaq trading.



But the troubles facing Nordstrom run deeper than one quarter's results. Executives like to say Nordstrom is the hometown store in every market it enters, a claim supported by a regional buying structure that puts basic decisions about fashion mix and merchandising in the hands of local managers.

But as the Seattle-based company has grown into a national chain, analysts say that its decentralized management has caused growing pains.

While the system allows each store to fine-tune its purchases and largely avoid deep discounting, vendors complain that it has often resulted in myopic buying that misses swift fashion changes. Further, because they are making smaller purchases, Nordstrom buyers cannot squeeze the kind of deals from their suppliers that other stores get.

Peter Nordstrom, a great-grandson of the founder and one of six family members who serve as the company's co-presidents, said that executives believed the retailer's troubleswere now behind it. "We are seeing things improve," Mr. Nordstrom said, "which is why we made the changes to begin with."

Some industry experts have their doubts, however.

"At one point, they were the most dynamic retailer around," said Leisa Holland-Nelson, a principal of Apparel Resource Group, a consulting firm in New York. "Now, sales help at Saks and Neiman's will walk you through the store, too. The competition has picked up on the things Nordstrom does well and at the same time has gotten to be better merchants."

All this has added up to a headache at the top. Nordstrom is a specialty store, after all, and smart buying and merchandising is how it distinguishes itself from mainstream department stores. It needs to buy some of its apparel from smaller vendors, edit the assortment from big vendors with flair and risk some wacky buys.

The problem is, not every small vendor has the budget or the patience to zip around the country trying to seduce a dozen Nordstrom buyers. "You can have a tremendous business in their Chicago store, and you go to Southern California and the buyer there says, 'We won't even try it,'" one menswear supplier on the East Coast said. "It is hard

See STORE, Page 17

Prosecutors Arrest Three In Nomura Payoff Affair

By Sheryl WuDunn
New York Times Service

TOKYO — Prosecutors arrested one executive and two former managing directors of Japan's largest brokerage company Wednesday on charges of illegally paying money to gangsters.

The arrests came a day after the Securities and Exchange Surveillance Commission asked prosecutors to charge the three men, as well as the company, Nomura Securities Co. By asking for charges against the company, the commission is suggesting that the individuals were not acting on their own.

Nomura is being charged with compensating clients linked to criminal gangs for trading losses.

The company has seen its reputation erode quickly in the three months since the trading scandal was disclosed. Japanese and foreign clients have temporarily halted dealings with the company. On Wednesday, Japan's postal ministry, which takes deposits from tens of millions of Japanese and is effectively the country's largest financial institution, said it would suspend the investment of funds through Nomura.

The Finance Ministry on Tuesday banned Nomura from underwriting and bidding on new sales of government bonds. It also may suspend Nomura from trading on its own account or selling investments to institutional investors for as long as three months.

Nomura issued a somewhat contrite statement Wednesday expressing "utmost regret" at the arrests.

Prosecutors suspect that the former managing directors, Shinpei Matsuki and Nobutaka Fujikura, both of whom resigned from Nomura's board in March, illegally diverted about 49.7 million yen ($415,900) in trading profits in 1995 to a company linked to Ryuichi Koike, a mobster who blackmails companies.

Such mobsters, called *sokaiya*, often threaten to disrupt companies' annual shareholder meetings unless they are paid off. Osamu Fujita, the third Nomura executive who was arrested, is said to have been the direct contact between the company and the gangster's affiliate.

All three individuals face penalties ranging up to one year in prison or 1 million yen in penalties. Nomura Securities could be fined 100 million yen under the Securities and Exchange Law.

CURRENCY & INTEREST RATES

Cross Rates

May 14

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.913	3.1395	1.1247	0.334	0.1142*	—	5.449*	1.3284	1.6173*	1.381	1.332*
Brussels	35.275	57.63	20.641	6.131	2.0955*	18.352	—	24.2525	0.2949	25.41	24.56*
Frankfurt	1.7067	2.7906	—	0.2969	0.1016*	0.8892	4.8457*	1.1798	1.4371*	1.2302	1.1845*
London (a)	1.6405	—	2.7898	9.3989	2,746.90	3.1382	57.598	2.3632	194.113	2.2733	235.592
Madrid	144.085	235.858	84.413	25.866	8.569*	75.86	4.0898	99.509	121.366*	103.808	—
Milan	1,680.70	2,751.80	985.40	292.40	—	875.80	47.895	1,163.30	14.30	1,211.80	11.686
New York (b)	—	1.6465a	1.6848	5.707	1,669.00	1.9055	34.97	1.4355	117.26	1.3894	142.88
Paris	5.7403	9.409	3.3677	—	0.3419*	2.9946	0.1632	3.9731	4.847*	4.1415	3.99*
Tokyo	118.75	193.94	69.97	20.78	0.709	62.23	3.3989	82.65	—	85.68	0.8272
Toronto	1.3896	2.2879	0.8199	0.2405	0.0832*	0.7288	0.3972*	0.9660	1.1861*	—	0.972*
Zurich	1.4387	2.3540	0.8463	0.2514	0.0857*	0.7528	4.302*	—	1.2164*	1.0387	1.0091*
1 ECU	1.1479	0.7813	1.9594	6.5987	1,930.38	2.2036	40.4416	1.6608	136.259	1.5933	165.382
1 SDR	1.3859	0.8471	2.3652	7.966	2,338.42	2.6609	48.7809	2.0049	164.566	1.9199	199.655

Closings in Amsterdam, London, Milan, Paris and Zurich, fixings in other centers: New York at 4 p.m. and Toronto rates at 3 p.m.
a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9986	Greek drac.	272.30	Mex. peso	7.90	S. Afr. rand	4.4775
Australian $	1.2849	Hong Kong $	7.7364	N. Zealand $	1.4378	S. Kor. won	892.90
Austrian sch.	12.008	Hung. forint	180.59	Norw. krone	7.0397	Swed. krona	7.6497
Brazil real	1.0679	Indian rupee	35.823	Phil. peso	26.36	Taiwan $	27.77
Chinese yuan	8.3238	Indo. rupiah	2429.00	Polish zloty	3.15	Thai baht	25.94
Czech koruna	30.56	Irish £	0.66	Port. escudo	171.31	Turkish lira	136700.
Danish krone	6.4968	Israeli shek.	3.4007	Russ ruble	5754.5	UAE dirham	3.671
Egypt. pound	3.3952	Kuwi dinar	0.3003	Saudi riyal	3.75	Venez. boliv.	482.25
Fin. markka	5.1407	Malay. ring.	2.5217	Sing. $	1.435		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6369	1.6361	1.6352	Japanese yen	118.13	117.61	117.04
Canadian dollar	1.3845	1.3817	1.3789	Swiss franc	1.4411	1.4364	1.4311
Deutsche mark	1.7026	1.6989	1.6947				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo).

Libid-Libor Rates

May 14

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5 9/16 - 5 11/16	3 1/16 - 3 3/16	1 7/16 - 1 9/16	6 1/4 - 6 3/8	3 5/16 - 3 7/16	7/16 - 9/16	4 - 4 1/8
3-month	5 11/16 - 5 7/8	3 1/16 - 3 3/16	1 9/16 - 1 11/16	6 3/8 - 6 1/2	3 1/4 - 3 3/8	1/2 - 5/8	4 - 4 1/8
6-month	5 7/8 - 5 15/16	3 3/16 - 3 5/16	1 5/8 - 1 3/4	6 9/16 - 6 11/16	3 5/16 - 3 7/16	5/8 - 11/16	4 1/16 - 4 3/16
1-year	6 1/16 - 6 3/16	3 1/4 - 3 3/8	1 13/16 - 1 15/16	6 15/16 - 7 1/16	3 3/8 - 3 1/2	13/16 - 15/16	4 1/8 - 4 1/4

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Close	Prev
Discount rate	5.00	5.00
Prime rate	8 1/2	8 1/2
Federal funds	5 1/2	5 1/2
90-day CDs dealers	5.71	5.71
180-day CP dealers	5.70	5.70
3 month Treasury bill	5.04	5.08
1-year Treasury bill	5.52	5.55
2-year Treasury bill	6.24	6.26
5-year Treasury note	6.53	6.56
7-year Treasury note	6.59	6.62
10-year Treasury note	6.68	6.71
30-year Treasury bond	6.89	6.92
Merrill Lynch 30-day RA	4.98	4.98
Japan		
Discount rate	0.50	0.50
Call money	0.41	0.41
1-month interbank	0.52	0.52
3-month interbank	0.54	0.54
6-month interbank	0.62	0.62
10-year Govt bond	2.82	2.73
Germany		
Lombard rate	4.50	4.50
Call money	3.10	3.13
1-month interbank	3.15	3.18
3-month interbank	3.20	3.22
6-month interbank	3.25	3.25
10-year Bund	5.65	5.68

Britain		
Bank base rate	6 1/4	6 1/4
Call money	6 1/2	6 5/16
1-month interbank	6 5/16	6 5/16
3-month interbank	6 3/8	6 3/8
6-month interbank	6 5/8	6 5/8
10-year Gilt	6.99	6.99
France		
Intervention rate	3.10	3.10
Call money	3 5/16	3 5/16
1-month interbank	3 1/4	3 1/4
3-month interbank	3 5/16	3 3/8
6-month interbank	3 3/8	3 7/16
10-year OAT	5.54	5.57

Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Credit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	349.25	348.90	+0.75
London	349.00	349.10	+0.20
New York	350.50	348.20	—2.30

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices; New York Comex (June.)
Source: Reuters.

EU Seeks 'War,' McDonnell Says

Compiled by Our Staff From Dispatches

WASHINGTON — The chairman of McDonnell Douglas Corp. said Wednesday that a key official in the European Union was seeking a trade war with the United States over the company's proposed takeover by Boeing Co.

The chairman, Harry Stonecipher, was referring to Karel van Miert, the EU competition commissioner, who said that Boeing's plan to buy McDonnell Douglas was unacceptable as it stood. "I don't want a war," Mr. Stonecipher said.

Mr. van Miert had no immediate comment. He has dismissed as "nonsensical" similar comments attributed to Boeing executives in newspaper reports.

Mr. Stonecipher said Mr. van Miert's objections centered on a merger's possible impact on Airbus Industrie.

"To hold the merger hostage is totally inappropriate," he said. U.S. regulators will decide on the merger by mid-July, he said. The European Commission has said it will issue its decision by the end of July. *(Bloomberg, AP)*

A LITTLE SOMETHING FOR YOUR GREAT GREAT GRANDSON

The Corum Gold Coin Watch. An authentic $20 U.S. gold piece, first minted more than 100 years ago, is halved and an ultra-flat mechanical or quartz movement is cushioned inside. Heralded as one of the world's great timepieces, it is prized as an heirloom to be passed on from generation to generation.

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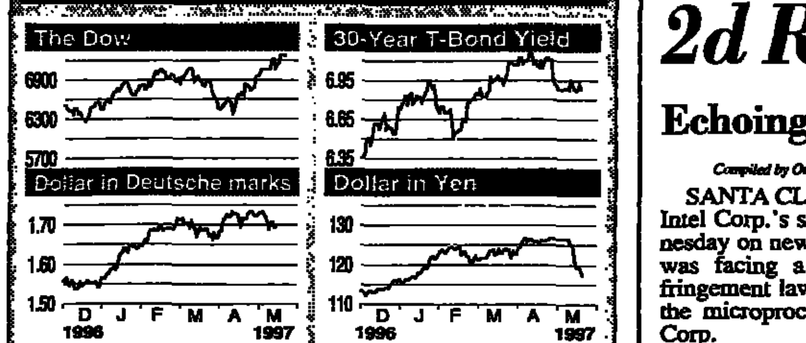

Exchange	Index	Wednesday 4 P.M.	Prev. Close	% Change
NYSE	The Dow	7286.16	7274.21	+0.16
NYSE	S&P 500	836.05	833.13	+0.35
NYSE	S&P 100	822.08	818.91	+0.39
NYSE	Composite	435.59	433.97	+0.38
U.S.	Nasdaq Composite	1335.51	[illegible]	+0.14
AMEX	Market Value	581.97	579.67	+0.40
Toronto	TSE Index	6248.29	6249.20	−0.02
São Paulo	Bovespa	10882.97	10647.98	[illegible]
Mexico City	Bolsa	3895.06	3930.74	−0.91
Buenos Aires	Merval	734.27	729.29	+0.68
Santiago	IPSA General	5335.28	5346.49	−0.21
Caracas	Capital General	6827.89	6805.63	+0.34

Source: Bloomberg, Reuters International Herald Tribune

2d Rival Sues Intel on Pentium

Echoing Digital Suit, Cyrix Says Its Patents Were Infringed

Compiled by Our Staff From Dispatches

SANTA CLARA, California — Intel Corp.'s shares slipped Wednesday on news that the company was facing a second patent-infringement lawsuit, this one from the microprocessor maker Cyrix Corp.

Intel's shares closed down 75 cents at $151.625 as investors feared that the lawsuits could tarnish Intel's image and cost it as much as $20 million a year in legal fees.

"It is unbelievable what this is going to cost these companies," said an analyst for Cowen & Co., Drew Peck, who said the total cost could reach $200 million. "It will end up costing them more than any royalties that could have changed hands."

Digital Equipment Corp. filed suit against Intel late Monday, charging that Intel had designed its best-selling Pentium processors using Digital's Alpha chip technology. Late Tuesday, Cyrix charged in a separate federal district court lawsuit that Intel's Pentium, Pentium Pro and Pentium II chips infringed on its patents as well. Both suits seek unspecified damages.

Analysts said the Digital Equipment suit was more important than Cyrix's because the first involved more patents and better technology. The market seemed to agree: Intel's shares dropped more than $6 Tuesday after the announcement of the Digital suit.

Intel, based in Santa Clara, said it was reviewing both suits and declined further comment.

Cyrix makes microprocessors that compete with Intel's Pentium chips. It and Advanced Micro Devices Inc. are Intel's major competitors, while Digital Equipment has struggled to build market share for its Alpha chip. The suits came as Intel was recovering from the discovery last week of a flaw in its top-of-the-line Pentium II microprocessors. That flaw was reminiscent of a bug affecting computations found in the Pentium chips in 1994; the company spent $475 million then to replace faulty processors.

Some legal specialists estimated it could be three or four years before the Intel cases went to trial.

In its last big legal case, Intel fought Advanced Micro for seven years over patent-infringement claims by both companies. Analysts estimate that the two companies each spent as much as $60 million a year on those suits, which they settled in January 1995. Analysts said that litigation had been particularly costly because it involved multiple suits and issues.

(Bloomberg, Reuters)

Tame Inflation Data Spark Wall Street Rally

Compiled by Our Staff From Dispatches

NEW YORK — The steepest plunge in U.S. wholesale prices in nearly four years buoyed Wall Street on Wednesday as investors cheered another sign that the booming economy was not igniting inflation.

Prices paid to producers fell 0.6 percent in April, dropping for four months in a row for the first time since 1993, the Labor Department reported.

The tame inflation news left investors hoping Federal Reserve policymakers would not feel compelled to raise interest rates at their meeting Tuesday.

"There is no inflation now and little in the pipeline," said Sung Won Sohn, chief economist at Norwest Corp. "The natural question is how long will this good luck continue."

Stock prices rose, with the Dow Jones industrial average closing up 11.95 points at 7,286.16. The broader Standard & Poor's 500-share index rose 2.92 points to 836.05, and gaining issues outnumbered losing ones by a 7-to-5 ratio on the New York Stock Exchange.

The price of the benchmark 30-year Treasury bond rose 15/32 point, to 96 24/32, taking the yield down to 6.88 percent from 6.92 percent Tuesday.

"It's clear the economy is not overheating," said Scott Colbert at Commerce Bank Investment Management. "This gives the Fed an opportunity to take a pass."

Much of the seasonally adjusted decrease in the producer price index — a barometer of price pressures before they reach the consumer — came from a 2.6 percent drop in energy costs. Wholesale food prices also fell last month, dropping 0.4 percent after a big increase in March.

Inflation also was benign outside the volatile food and energy sector, with the so-called core index declining 0.1 percent, helped out by declining prices for passenger cars, prescription drugs and computers.

The positive market reaction was in sharp contrast to a month ago, when overall prices also were down but investors focused on a worrisome 0.4 percent increase in the core rate.

On Thursday, the Labor Department will release the consumer price index, which tracks what shoppers pay for goods and services. It will be the last economic clue Fed policymakers get before their meeting Tuesday, and many analysts now expect the CPI to be reassuring.

The Fed raised interest rates a quarter of a percentage point in March and is considering another shove to keep the economy from racing out of control.

Mr. Sohn said falling prices may be viewed as only temporary and that Fed policymakers could well persist in believing that the booming economy — with a 5.6 percent growth rate during the first quarter of this year and unemployment at a 23-year low of 4.9 percent — must be reined in to prevent inflation.

"The probability is high that inflation will accelerate," he said.

But Marilyn Schaja, an economist at Donaldson, Lufkin & Jenrette Securities Corp., said declining prices could just as easily mean

U.S. STOCKS

the economy was headed for a slower, more sustainable pace of growth, meaning the Fed would hold off on further action.

"I think that the Fed can afford to wait to see whether it's part of this expected slowdown or whether it's a temporary phenomenon," Ms. Schaja said.

The lessened threat of higher interest rates lifted banking shares, with J.P. Morgan rising 2⅛ to 104¼, NationsBank gaining ¾ to 61¼ and Citicorp adding 2⅜ to 120½.

Technology issues were mixed, with Micron Electronics falling 2 3/16 to 16 7/16 after the personal-computer maker said its third-quarter earnings would be hurt by falling sales and overseas start-up costs.

But an initial public offering from Rambus, which makes technology for speeding computer chips, was well received. The company sold 2.75 million shares at $12 each Tuesday, and the shares closed at $30.125 Wednesday.

Applied Materials rose 3 1/16 to 63½ after the semiconductor-equipment maker reported better-than expected earnings and told analysts they should raise their earnings estimates for the year.

Ocwen Asset Investment rose 2¼ to 18¼ in the first day of trading after the real estate investment trust sold 15 million shares at $16 each.

Boston Scientific fell 4⅛ to 49¾ on reports of negative comments made at an analysts' meeting. But the company said no new information had been presented and it was not aware of any reason for the excessive drop in its shares.

Kmart rose ¾ to 14½ on expectations for the retailer to post strong first-quarter profit Thursday.

(AP, Bloomberg)

Very briefly:

ING Drops Purchase of Dillon Read

AMSTERDAM (Bloomberg) — Internationale Nederlanden Groep NV withdrew Wednesday from talks to buy the 75 percent of the investment bank Dillon Read & Co. it does not already own.

ING said two weeks ago that it was negotiating to buy Dillon Read as part of its strategy to increase its share of the $100 billion-a-year U.S. business of trading securities and advising in corporate mergers. ING said it expected Dillon Read's partners to exercise an option to repurchase the Dutch banking giant's 25 percent stake at the end of June.

Texaco Vows to 'Eradicate' Racism

RYE, New York (Bloomberg) — Texaco Inc. plans to "eradicate any racism" and improve its public image through a variety of programs to increase diversity among employees and suppliers, according to the company chairman, Peter Bijur.

Mr. Bijur said Tuesday at the annual shareholders meeting that the oil giant had created a diversity council, implemented management behavior standards and increased the number of minority- or women-owned businesses with which it deals.

- **Wisconsin Energy Corp.** and **Northern States Power Co.**'s merger plan was rejected by the **Federal Energy Regulatory Commission**, which said the deal would concentrate too much of the Midwest's electric-generating capacity.
- **Varig SA** wants to renegotiate with **Boeing Co.** a 1993 order for 20 jets that were never delivered after the Brazilian airline ran into financial trouble.
- **Berkshire Hathaway Inc.**'s first-quarter earnings from operations rose 64 percent, to $263.1 million, buoyed by higher revenue from its **Geico Corp.** insurance unit.
- **General Motors Corp.** and the **International Union of Electrical Workers** reached a tentative settlement of a day-old strike at several key Ohio parts plants. *Bloomberg*

Falling U.S. Prices Pull Dollar Back

Compiled by Our Staff From Dispatches

NEW YORK — The dollar fell against the yen and gave up most of its gains against European currencies Wednesday after economic data suggested that the Federal Reserve Board might not need to raise U.S. interest rates.

The Labor Department said producer prices fell 0.6 percent in April — the largest drop since August 1993 — indicating that inflation was not a threat in the U.S. economy. The report bolstered the argument that Fed policymakers could leave interest rates unchanged at their meeting Tuesday.

"The dollar is reflecting those concerns" that a rate increase might not materialize to help lift the U.S. currency, said Steve Jury, chief dealer at Union Bank of Switzerland.

But market sentiment over the likelihood that the Fed might tighten

FOREIGN EXCHANGE

rates this year remained divided, traders said.

"Most people are comfortable sitting it out and trying to get a handle on where the next move is," said David Gilmore of Foreign Exchange Analytics. At 4 P.M., the dollar was at 117.26 yen, down from 118.62 yen Tuesday; at 1.6948 Deutsche marks, up from 1.6940 DM; at 5.7070 French francs, up from 5.7045 francs, and at 1.4355 Swiss francs, down from 1.4395 francs. The pound rose to $1.6465 from $1.6325.

The dollar was able to hold its gains against the mark after a Bundesbank vice president, Johann Wilhelm Gaddum, said the planned single European currency, the euro, would not necessarily be as stable as the German currency. He also said a durable fulfillment of the fiscal criteria required to launch the euro was more important than meeting the numerical requirements with absolute precision.

(Market News, Reuters)

SALE: *Bonn, Flailing for Funds, Looks to Telekom Shares*

Continued from Page 13

erations are released, coalition leaders will huddle to find consensus on deficit-cutting strategies. Mr. Waigel is expected to emphasize welfare cuts. Analysts consider this to be one of the least realistic options, given the government's unsuccessful track record in budget cuts over the past six months.

For months, Bonn has discussed a spending freeze similar to a measure implemented last year. But such a move this late in the year will not be enough, said Gernot Nerb, economist in Frankfurt for Salomon Brothers Inc.

Because the government still holds 75 percent of Telekom, the sale of shares would be an easy way to temper more painful measures, such as tax increases or welfare cuts.

Bonn still holds 2 billion shares of Telekom, a stake valued at nearly 80 billion DM. But floating the idea of selling shares appeared hasty after last November's painstakingly orchestrated sale of a 25 percent of the company, the biggest share offering in European history.

Mr. Waigel said it was "conceivable" that Bonn would sell additional shares ahead of schedule. "There would be no problem with the sale," he said, "considering the company's magnificent situation."

Thomas Mayer of Goldman Sachs & Co. said Bonn was engaged in a "high-wire act."

"There are plenty of opportunities to fall from that wire," he said.

AMEX

Wednesday's 4 P.M. Close

The top 300 most active shares, up to the closing on Wall Street. *The Associated Press.*

Stock	Sales	High	Low	Latest	Chge
AM Intl	186	[illegible]	[illegible]	[illegible]	[illegible]
AMC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ARC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ASR Inv	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	7327.78	7351.48	7263.08	7286.16	+11.95
Trans	2634.80	2639.12	2609.83	2616.61	−10.18
Util	222.55	224.10	221.46	222.61	+0.61
Comp	2272.04	2279.15	2253.17	2260.14	+0.53

Standard & Poors

	Previous High	Previous Low	Previous Close	Today 4 P.M.
Industrials	986.85	976.11	981.10	983.02
Transp.	607.69	603.14	605.27	603.87
Utilities	194.35	191.82	192.74	193.90
Finance	94.77	93.48	93.81	94.91
SP 500	838.49	829.12	833.13	836.05
SP 100	824.43	815.25	818.91	822.02

NYSE

	High	Low	Last	Chg.
Composite	438.05	433.97	435.60	+1.63
Industrials	555.67	550.65	552.00	+1.13
Transp.	397.56	393.97	394.74	−1.65
Utility	269.45	267.04	268.44	+1.40
Finance	398.28	392.86	396.72	+3.86

Nasdaq

	High	Low	Last	Chg.
Composite	1339.92	1328.40	1335.51	+1.92
Industrials	1078.10	1072.32	1074.38	+3.97
Banks	1445.00	1432.61	1444.48	+12.69
Insurance	1502.28	1487.59	1498.80	+13.57
Finance	1767.90	1760.19	1766.76	+8.60
Transp.	896.98	889.80	895.17	+1.25

AMEX

High	Low	Last	Chg.
582.86	579.55	581.97	+2.37

Dow Jones Bond

	Close	Chg.
20 Bonds	102.18	+0.01
10 Utilities	99.00	+0.04
10 Industrials	105.36	−0.01

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
K mart	95465	[illegible]	[illegible]	[illegible]	[illegible]
BritPt	83794	[illegible]	[illegible]	[illegible]	[illegible]
MicrnT	80525	36	[illegible]	36	+1¾
GenElec s	71594	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Nasdaq

	Vol.	High	Low	Last	Chg.
Intel	241994	[illegible]	[illegible]	[illegible]	[illegible]
Cisco	115303	[illegible]	[illegible]	[illegible]	[illegible]
MicronEl	107294	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMEX

	Vol.	High	Low	Last	Chg.
Hasbro s	28712	27	[illegible]	[illegible]	[illegible]
SPDR	26862	[illegible]	[illegible]	[illegible]	[illegible]
CoILb	18155	17	[illegible]	[illegible]	[illegible]
ViacB	9475	[illegible]	[illegible]	[illegible]	[illegible]
NY Times	7044	[illegible]	[illegible]	[illegible]	[illegible]
IvaxCp	6449	[illegible]	[illegible]	[illegible]	[illegible]
Nabors	6232	[illegible]	[illegible]	[illegible]	[illegible]
EchoBay	5849	[illegible]	[illegible]	[illegible]	[illegible]
Metromda	5548	[illegible]	[illegible]	10	[illegible]
Riser	4184	[illegible]	[illegible]	[illegible]	[illegible]

Trading Activity

NYSE

	Noon	Prev.
Advanced	1471	1162
Declined	838	1335
Unchanged	879	875
Total issues	3188	3372
New Highs	125	143
New Lows	7	14

Nasdaq

	Noon	Prev.
Advanced	1789	1933
Declined	1406	2018
Unchanged	2229	1779
Total issues	5424	5730
New Highs	70	116
New Lows	89	73

AMEX

	Close	Prev.
Advanced	284	278
Declined	250	282
Unchanged	186	180
Total issues	720	740
New Highs	33	32
New Lows	11	7

Market Sales

	Today 4:00	Prev. cons.
NYSE	503.22	594.72
Amex	23.33	22.11
Nasdaq	581.86	578.61

In millions.

Dividends

Company	Per	Amt	Rec	Pay
IRREGULAR				
Enersis SA ADR	b	.1789	5-22	—
Fst Israel Fd	-	1.035	6-4	6-20
Liberty AllStarEq	-	.32	5-23	7-7
Liberty AllStrGwth	-	.29	5-23	7-7
STOCK SPLIT				
British Petrol ADR 2 for 1 split.				
Heritage Fncl 3 for 2 split.				
Moll-Well Inc 3 for 2 split.				
Newpark Resour 2 for 1 split.				
Northwest PubSvc 2 for 1 split.				
Tues Morning 3 for 2split.				
Venezuela CNV 1 new share for every 25 shares held.				
INCREASED				
Amer RealEst Inv	Q	.2175	5-23	6-4
Expeditor Intl	S	.05	6-2	6-16
Nacco Indus	Q	.195	6-2	6-13
Tootsie Roll Ind	Q	.0825	6-26	7-11
Triangle Bncp	Q	.11	6-16	6-30
SPECIAL				
Lat Amer Casinos	c	.05	5-30	—
c- payable date unannounced.				

Company	Per	Amt	Rec	Pay
REGULAR				
Amer Biltrite	Q	.10	6-13	7-7
Am Fncl Enterpr	Q	.10	5-21	6-6
Atmos Energy	Q	.25	5-27	6-10
Bassett Furniture	Q	.20	5-22	6-2
Berkley WR	Q	.15	6-13	7-1
Bradley RlEstate	Q	.33	6-10	6-30
Bridgford Foods	Q	.06	6-3	7-1
Central VA Bkshrs	Q	.18	5-27	6-13
Chicago RivetMa	Q	.30	6-5	6-20
Cleveland Cliffs	Q	.325	5-23	6-2
Fst West VA Bncp	Q	.20	6-2	6-16
Glbl HI IncoDollr	M	.106	5-22	5-30
Hon Indus	Q	.14	5-22	5-30
Lake Ariel Bncp	Q	.17	5-23	6-13
Mahaska Invest	Q	.20	5-30	6-13
Maine Pub Svc	Q	.25	6-13	7-1
Manuf Homes	Q	.23	6-27	7-11
Mlan Minlng &	Q	.53	5-23	6-12
Northwest PubSvc	Q	.46	5-19	6-1
PartnerRe Hldgs	Q	.18	5-23	6-2
Pub Stor Prop XL	Q	.34	6-30	7-15
Pub Stor Prop XX	Q	.28	6-30	7-15
Summit Props	Q	.3975	7-11	8-15
Tribune Co	Q	.16	5-30	6-12

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semi-annual

Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.
a - dividend also extra (s). b - annual rate of dividend plus stock dividend. c - liquidating dividend. cc - PE exceeds 99.cld - called. d - new yearly low. dd - loss in the last 12 months. e - dividend declared or paid in preceding 12 months. f - annual rate, increased on last declaration. g - dividend in Canadian funds, subject to 15% non-residence tax. i - dividend declared after split-up or stock dividend. j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k - dividend declared or paid this year, an accumulative issue with dividends in arrears. m - annual rate, reduced on last declaration. n - new issue in the past 52 weeks. The high-low range begins with the start of trading. nd - next day delivery. p - initial dividend, annual rate unknown. P/E - price-earnings ratio. q - closed-end mutual fund. r - dividend declared or paid in preceding 12 months, plus stock dividend. s - stock split. Dividend begins with date of split. sls - sales. t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u - new yearly high. v - trading halted. vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd - when distributed. wi - when issued/ ww - with warrants. x - ex-dividend or ex-rights. xdis - ex-distribution. xw - without warrants. y- ex-dividend and sales in full. yld - yield. z - sales in full.

INTERNATIONAL FUTURES

May 14, 1997

Grains

	High	Low	Latest	Chge	Opint
CORN (CBOT) 5,000 bu minimum- cents per bushel					
May 97	290¼	285	285¼	−3½	5,727
Jul 97	285½	281	283½	−1	125,268
Sep 97	269½	265¼	267¼	−1	27,076
Dec 97	269¾	263	265¾	−1	110,010
Mar 98	274½	269	271¾	−¾	12,126
May 98	276	274	275¾	−¾	1,140
Jul 98	280	277½	279¾	−¾	2,671
Est. sales N.A. Tue's. sales 72,729					
Tue's open int 287,211 off 2675					
SOYBEAN MEAL (CBOT) 100 tons- dollars per ton					
May 97	303.50	299.20	302.40	−1.50	5,428
Jul 97	292.40	285.20	288.90	−1.80	51,973
Aug 97	275.20	270.80	274.10	−1.60	16,408
Sep 97	256.00	253.20	255.00	−1.10	9,430
Oct 97	236.00	233.50	235.80	−0.50	9,691
Dec 97	228.30	225.80	227.20	−0.90	19,819
Est. sales N.A. Tue's. sales 28,445					
Tue's open int 115,016 off 1668					
SOYBEAN OIL (CBOT) 60,000 lbs- cents per lb					
May 97	24.00	23.40	23.53	−0.47	769
Jul 97	24.29	23.74	23.88	−0.36	48,433
Aug 97	24.44	23.95	24.08	−0.34	13,673
Sep 97	24.57	24.10	24.22	−0.34	8,344
Oct 97	24.64	24.20	24.27	−0.35	8,386
Dec 97	24.88	24.43	24.54	−0.35	18,350
Est. sales N.A. Tue's. sales 14,984					
Tue's open int 98,825 off 1151					
SOYBEANS (CBOT) 5,000 bu minimum- cents per bushel					
May 97	879	863½	869	−11½	2,527
Jul 97	877	857	864	−10½	100,702
Aug 97	846	827	832¾	−11¾	20,170
Sep 97	754	746	749¾	−5¼	9,211
Nov 97	712	701	704½	−5¼	47,944
Est. sales N.A. Tue's. sales 65,741					
Tue's open int 185,717 off 2203					
WHEAT (CBOT) 5,000 bu minimum- cents per bushel					
May 97	390	380	383	−5	152
Jul 97	397	385	387	−8½	53,589
Sep 97	403½	392½	394	−7¾	12,675
Dec 97	416	404	406¼	−7	16,778
Est. sales N.A. Tue's. sales 23,119					
Tue's open int 84,688 off 2392					

Livestock

	High	Low	Latest	Chge	Opint
CATTLE (CMER) 40,000 lbs.- cents per lb.					
Jun 97	65.80	65.37	65.45	−0.27	32,896
Aug 97	66.00	65.37	65.40	−0.52	33,089
Oct 97	69.25	68.90	68.95	−0.27	16,553
Dec 97	70.95	70.75	70.82	−0.02	9,206
Feb 98	71.17	71.00	71.07	−0.02	5,087
Apr 98	72.85	72.70	72.85	−0.05	1,553
Est. sales 12,270 Tue's. sales 12,715					
Tue's open int 99,184 up 532					
FEEDER CATTLE (CMER) 50,000 lbs.- cents per lb.					
May 97	76.60	76.12	76.55	+0.25	3,250
Aug 97	77.80	77.00	77.15	−0.35	10,410
Sep 97	77.35	76.72	76.90	−0.25	1,914
Oct 97	77.47	76.90	77.05	−0.37	2,995
Nov 97	78.90	78.40	78.45	−0.15	1,648
Jan 98	79.50	79.15	79.42	−0.02	378
Est. sales 2,391 Tue's. sales 3,282					
Tue's open int 20,715 off 258					
HOGS-Lean (CMER) 40,000 lbs.- cents per lb.					
Jun 97	84.50	83.40	83.47	−0.57	16,409
Jul 97	85.05	83.85	84.12	−0.47	8,676
Aug 97	82.10	81.27	81.57	−0.27	7,382
Oct 97	75.15	74.10	74.67	−0.40	5,478
Dec 97	72.42	71.75	72.10	−0.35	3,576
Est. sales 12,604 Tue's. sales 7,983					
Tue's open int 43,920 up 241					
PORK BELLIES (CMER) 40,000 lbs.- cents per lb.					
May 97	87.37	85.30	87.37	+1.42	343
Jul 97	89.15	86.37	89.02	+2.07	6,700
Aug 97	88.20	85.45	87.82	+1.60	1,715
Est. sales 3,336 Tue's. sales 2,532					
Tue's open int 9,122 off 212					

Food

	High	Low	Latest	Chge	Opint
COCOA (NCSE) 10 metric tons- $ per ton					
May 97	1417	1415	1417	+27	25
Jul 97	1425	1412	1422	+13	31,680
Sep 97	1454	1445	1453	+14	13,269
Dec 97	1484	1475	1484	+14	17,957
Mar 98	1508	1505	1508	+14	20,622
May 98			1514		8,619
Est. sales 4,472 Tue's. sales 5,549					
Tue's open int 94,319 up 64					
COFFEE C (NCSE) 37,500 lbs.- cents per lb.					
May 97	270.00	260.00	261.50	+8.50	296
Jul 97	248.50	226.00	240.40	−0.55	15,973
Sep 97	222.50	211.00	215.50	+8.50	7,642
Dec 97	195.90	188.50	191.95	+2.05	4,408
Mar 98	180.15	173.50	177.65	+3.50	1,950
Est. sales 11,884 Tue's. sales 12,773					
Tue's open int 38,951 up 723					
SUGAR-WORLD 11 (NCSE) 112,000 lbs.- cents per lb.					
Jul 97	11.11	10.98	11.05	−0.06	74,549
Oct 97	10.89	10.77	10.85	−0.05	40,634
Mar 98	10.80	10.72	10.76	−0.04	24,185
May 98	10.74	10.68	10.68	−0.05	5,479
Est. sales 11,592 Tue's. sales 18,085					
Tue's open int 148,757 off 157					
ORANGE JUICE (NCTN) 15,000 lbs.- cents per lb.					
Jul 97	80.60	77.80	80.50	+2.10	17,198
Sep 97	82.95	80.50	82.80	+1.95	6,489
Nov 97	85.00	83.00	84.80	+1.75	3,242
Jan 98	87.50	85.05	87.05	+1.55	1,512
Est. sales N.A. Tue's. sales 4,191					
Tue's open int 29,688 off 414					

Metals

	High	Low	Latest	Chge	Opint
GOLD (NCMX) 100 troy oz.- dollars per troy oz.					
May 97			347.20	−2.30	1
Jun 97	350.80	347.60	348.20	−2.30	67,538
Jul 97			349.60	−2.30	
Aug 97	353.70	350.50	351.00	−2.30	20,100
Oct 97	356.80	353.00	353.80	−2.30	6,707
Dec 97	359.30	356.00	356.60	−2.30	22,521
Feb 98			359.40	−2.30	4,491
Apr 98	364.20	362.00	362.00	−2.30	3,772
Jun 98	367.50	364.80	364.80	−2.30	6,819
Est. sales N.A. Tue's. sales 36,555					
Tue's open int 162,528 up 1086					
HI GRADE COPPER (NCMX) 25,000 lbs.- cents per lb.					
May 97	114.00	112.60	114.00	+0.80	2,409
Jun 97	114.10	112.50	114.10	+0.80	3,155
Jul 97	113.90	112.50	113.80	+0.70	28,630
Aug 97	111.65	110.80	111.65	+0.65	1,720
Sep 97	109.90	109.00	109.90	+0.40	5,085
Oct 97	108.40	107.40	108.40	+0.30	1,015
Nov 97			106.80	+0.30	1,159
Dec 97	105.60	104.75	105.60	+0.30	6,542
Jan 98			103.90	+0.30	502
Est. sales N.A. Tue's. sales 9,953					
Tue's open int 55,781 up 1820					
SILVER (NCMX) 5,000 troy oz.- cents per troy oz.					
May 97	484.00	480.20	480.20	−3.90	139
Jun 97			481.50	−4.00	82
Jul 97	489.50	483.00	483.80	−4.00	56,282
Sep 97	493.50	488.70	488.70	−4.00	5,506
Dec 97	501.00	496.80	496.10	−4.00	7,472
Jan 98			498.40	−4.10	17
Mar 98	508.00	503.80	503.80	−4.20	7,319
May 98			508.90	−4.20	2,706
Est. sales N.A. Tue's. sales 12,089					
Tue's open int 85,327 up 205					
PLATINUM (NMER) 50 troy oz.- dollars per troy oz.					
Jul 97	395.00	392.00	393.80	+1.90	14,355
Oct 97	395.50	394.50	394.80	+1.70	3,582
Jan 98	397.00	396.00	397.00	+1.70	1,164
Est. sales N.A. Tue's. sales 4,862					
Tue's open int 18,908 up 1118					

LONDON METALS (LME) Dollars per metric ton

	Close		Previous	
Aluminum (High Grade)				
Spot	1628½	1629½	1640½	1641½
Forward	1667.00	1668.00	1667.00	1668.00
Copper Cathodes (High Grade)				
Spot	2471½	2473½	2478.00	2480.00
Forward	2415.00	2416.00	2419.00	2420.00
Lead				
Spot	607.00	608.00	613½	614½
Forward	618.00	619.00	625.00	626.00
Nickel				
Spot	7615.00	7625.00	7660.00	7670.00
Forward	7730.00	7735.00	7765.00	7770.00
Tin				
Spot	5660.00	5670.00	5670.00	5680.00
Forward	5710.00	5720.00	5720.00	5725.00
Zinc (Special High Grade)				
Spot	1314½	1315½	1316.00	1317.00
Forward	1332.00	1333.00	1335½	1336.00

Financial

	High	Low	Close	Chge	Opint
US T. BILLS (CMER) $1 million- pts of 100 pct.					
Jun 97	94.76	94.73	94.74	+0.01	5,964
Sep 97	94.54	94.51	94.51	+0.02	4,467
Dec 97			94.48		847
Est. sales N.A. Tue's. sales 924					
Tue's open int 10,431 off 148					
5 YR. TREASURY (CBOT) $100,000 prin- pts & 64ths of 100 pct					
Jun 97	105-40	105-17	105-30	+10	219,737
Sep 97	105-23	105-08	105-18	+11	9,174
Dec 97			105-08	+10	71
Est. sales N.A. Tue's. sales 54,296					
Tue's open int 228,986 up 1623					
10 YR. TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct					
Jun 97	107-20	107-03	107-12	+07	301,811
Sep 97	107-04	106-22	106-29	+07	45,385
Dec 97			106-17	+07	1,935
Est. sales N.A. Tue's. sales 116,702					
Tue's open int 349,131 up 3981					
US TREASURY BONDS (CBOT) (8 pct-$100,000-pts & 32nds of 100 pct)					
Jun 97	110-18	109-22	110-05	+11	495,900
Sep 97	110-05	109-12	109-25	+11	66,416
Dec 97	109-27	109-12	109-12	+11	12,754
Mar 98			109-02	+11	2,063
Est. sales N.A. Tue's. sales 443,173					
Tue's open int 578,761 up 4164					
LIBOR 1-MONTH (CMER) $3 million- pts of 100 pct.					
May 97	94.30	94.29	94.30	+0.01	23,626
Jun 97	94.24	94.21	94.22	+0.01	12,237
Jul 97	94.17	94.14	94.16	+0.02	5,990
Est. sales N.A. Tue's. sales 7,676					
Tue's open int 46,488 off 335					
LONG GILT (LIFFE) £50,000 - pts & 32nds of 100 pct					
Jun97	114-20	114-03	114-17	+0-10	274,691
Sep97	114-25	114-15	114-27	+0-10	7,763
Est. sales: 74,344. Prev. sales: 112,349					
Prev. open int.: 232,454 off 4,472					
GERMAN GOVERNMENT BUND (LIFFE) DM250,000 - pts of 100 pct					
Jun97	102.57	102.05	102.50	+0.38	266,911
Sep97	101.56	101.12	101.51	+0.27	27,398
Est. sales: 183,638. Prev. sales: 167,803					
Prev. open int.: 294,309 off 8,667					
10-YEAR FRENCH GOV. BONDS (MATIF) FF500,000 - pts of 100 pct					
Jun 97	130.72	130.24	130.64	+0.26	167,432
Sep 97	129.06	128.76	129.04	+0.22	11,968
Dec 97	98.18	98.18	98.46	+0.22	0
Est. volume: 135,811 . Open int.: 179,400 up 7,215.					
ITALIAN GOVERNMENT BOND (LIFFE) ITL 200 million - pts of 100 pct					
Jun97	130.54	129.50	130.39	+0.83	114,800
Sep97	130.87	130.40	130.86	+0.91	7,318
Est. sales: 74,618. Prev. sales: 56,939					
Prev. open int.: 122,118 off 1,725					
EURODOLLARS (CMER) $1 million-pts of 100 pct.					
May 97	94.19	94.16	94.17	+0.01	42,347
Jun 97	94.12	94.08	94.10	+0.02	471,264
Jul 97	94.04	94.01	94.03	+0.01	8,553
Sep 97	93.94	93.87	93.90	+0.02	434,164
Dec 97	93.73	93.65	93.70	+0.03	329,178
Mar 98	93.63	93.55	93.60	+0.03	244,063
Jun 98	93.52	93.44	93.48	+0.03	228,425
Sep 98	93.44	93.35	93.39	+0.03	168,533
Dec 98	93.33	93.27	93.29	+0.03	125,594
Mar 99	93.32	93.26	93.28	+0.03	97,318
Jun 99	93.27	93.22	93.24	+0.03	79,505
Sep 99	93.23	93.18	93.20	+0.03	63,466
Est. sales N.A. Tue's. sales 566,561					
Tue's open int 2,466,461 up 16579					
BRITISH POUND (CMER) 62,500 pounds, $ per pound					
Jun 97	1.6476	1.6286	1.6464		36,295
Sep 97	1.6450	1.6340	1.6438		7,058
Dec 97			1.6412		110
Est. sales N.A. Tue's. sales 11,449					
Tue's open int 37,463 off 869					
CANADIAN DOLLAR (CMER) 100,000 dollars, $ per Cdn. dlr					
Jun 97	.7240	.7214	.7217		67,770
Sep 97	.7285	.7256	.7259		6,626
Dec 97	.7315	.7295	.7295		1,456
Est. sales N.A. Tue's. sales 7,192					
Tue's open int 76,830 off 451					
GERMAN MARK (CMER) 125,000 marks, $ per mark					
Jun 97	.5928	.5868	.5919		78,842
Sep 97	.5962	.5913	.5958		3,539
Dec 97	.6000	.5952	.6000		481
Est. sales N.A. Tue's. sales 20,892					
Tue's open int 82,984 off 103503					
JAPANESE YEN (CMER) 12.5 million yen, $ per 100 yen					
Jun 97	.8599	.8498	.8587		78,399
Sep 97	.8718	.8555	.8700		2,539
Dec 97	.8816	.8700	.8816		726
Est. sales N.A. Tue's. sales 24,183					
Tue's open int 81,674 off 394					
SWISS FRANC (CMER) 125,000 francs, $ per franc					
Jun 97	.7001	.6929	.6990		41,724
Sep 97	.7066	.7002	.7062		2,443
Dec 97	.7138	.7080	.7138		440
Est. sales N.A. Tue's. sales 16,705					
Tue's open int 44,657 off 3857					
MEXICAN PESO (CMER) 500,000 pesos, $ per peso					
Jun 97	.12530	.12480	.12490		17,440
Sep 97	.12055	.12020	.12027		10,166
Dec 97	.11610	.11590	.11592		6,495
Est. sales N.A. Tue's. sales 55,723					
Tue's open int 35,741 off 353					
3-MONTH STERLING (LIFFE) £500,000 - pts of 100 pct					
Jun97	93.48	93.45	93.48	+0.02	116,999
Sep97	93.27	93.20	93.25	+0.03	109,063
Dec97	93.09	93.03	93.08	+0.01	88,080
Mar98	92.99	92.93	92.98	+0.01	60,976
Jun98	92.93	92.86	92.92	+0.02	43,892
Sep98	92.87	92.81	92.87	+0.02	32,853
Dec98	92.84	92.78	92.83	+0.02	25,697
Mar99	92.82	92.77	92.81	+0.02	18,277
Jun99	92.80	92.77	92.79	+0.01	17,262
Est. sales: 102,472. Prev. sales: 167,011					
Prev. open int.: 525,138 up 10,935					
3-MONTH EUROMARK (LIFFE) DM1 million - pts of 100 pct					
May97	96.83	96.81	96.83	+0.01	6,065
Jun97	96.81	96.78	96.81	+0.01	232,656
Jul97	N.T.	N.T.	96.80	+0.01	1,424
Sep97	96.77	96.75	96.76	+0.01	208,179
Dec97	96.66	96.62	96.65	+0.02	228,600
Mar98	96.55	96.51	96.54	+0.02	192,274
Jun98	96.40	96.35	96.39	+0.03	148,973
Sep98	96.20	96.16	96.19	+0.02	118,243
Dec98	95.96	95.93	95.95	+0.02	79,716
Mar99	95.74	95.70	95.73	+0.02	65,455
Est. sales: 116,493. Prev. sales: 81,329					
Prev. open int.: 1,408,620 off 11,297					
3-MONTH PIBOR (MATIF) FF5 million - pts of 100 pct					
Jun 97	96.58	96.52	96.56	+0.05	53,233
Sep 97	96.61	96.57	96.60	+0.03	56,627
Dec 97	96.58	96.53	96.56	+0.02	37,238
Mar 98	96.52	96.48	96.50	+0.01	29,210
Jun 98	96.39	96.37	96.39	+0.02	23,458
Sep 98	96.25	96.21	96.23	+0.01	21,258
Dec 98	96.03	96.01	96.02	+0.02	14,223
Mar 99	95.81	95.79	95.80	+0.02	13,541
Jun 99	95.58	95.56	95.58	+0.04	6,723
Est. volume: 92,688. Open int.: 268,382 off 7,003.					
3-MONTH EUROLIRA (LIFFE) ITL 1 million - pts of 100 pct					
Jun97	93.33	93.22	93.33	+0.11	106,444
Sep97	93.67	93.54	93.67	+0.13	86,390
Dec97	93.81	93.69	93.81	+0.12	54,357
Mar98	93.87	93.77	93.87	+0.12	32,798
Jun98	93.86	93.77	93.86	+0.10	25,679
Sep98	93.82	93.74	93.82	+0.11	[illegible]
Dec98	93.72	93.69	93.76	+0.12	[illegible]
Est. sales: 71,668. Prev. sales: 39,272					
Prev. open int.: 318,080 off 582					

Industrials

	High	Low	Latest	Chge	Opint
COTTON 2 (NCTN) 50,000 lbs.- cents per lb.					
Jul 97	72.40	72.05	72.30	−0.03	[illegible]
Oct 97	73.85	73.65	73.71	+0.02	3,500
Dec 97	74.70	74.35	74.61	+0.13	25,304
Mar 98	75.85	75.70	75.80	+0.07	3,594
May 98			76.50	+0.07	[illegible]
Est. sales N.A. Tue's. sales 4,401					
Tue's open int 73,627 off 209					
HEATING OIL (NMER) 42,000 gal, cents per gal					
Jun 97	56.60	55.50	56.42	−0.06	29,209
Jul 97	56.70	55.66	56.63	−0.02	31,255
Aug 97	57.03	56.06	57.03	+0.03	16,897
Sep 97	57.63	56.85	57.63	+0.03	[illegible]
Oct 97	58.28	57.50	58.28	+0.03	6,264
Nov 97	58.93	58.25	58.93	+0.03	7,283
Dec 97	59.53	58.85	59.53	+0.03	12,085
Jan 98	59.88	59.30	59.88	+0.03	8,746
Feb 98	59.48	58.90	59.48	+0.03	[illegible]
Est. sales N.A. Tue's. sales 30,844					
Tue's open int 138,297 off 676					
LIGHT SWEET CRUDE (NMER) 1,000 bbl.- dollars per bbl.					
Jun 97	21.45	20.85	21.35	−0.02	57,179
Jul 97	21.36	20.88	21.27	−0.01	80,047
Aug 97	21.19	20.78	21.10	−0.02	28,869
Sep 97	21.03	20.68	20.98	−0.01	28,938
Oct 97	20.85	20.58	20.85	−0.03	15,737
Nov 97	20.71	20.55	20.73	−0.06	15,405
Dec 97	20.70	20.45	20.64	−0.07	34,855
Jan 98	20.57	20.46	20.57	−0.09	19,353
Est. sales N.A. Tue's. sales 117,439					
Tue's open int 398,138 up 8167					
NATURAL GAS (NMER) 10,000 mm btu's, $ per mm btu					
Jun 97	2.280	2.190	2.270		33,713
Jul 97	2.280	2.205	2.265		20,052
Aug 97	2.270	2.200	2.260		18,772
Sep 97	2.240	2.215	2.230		15,389
Oct 97	2.245	2.210	2.235		17,880
Nov 97	2.335	2.310	2.325		7,495
Dec 97	2.460	2.430	2.440		12,679
Jan 98	2.490	2.465	2.482		17,491
Est. sales N.A. Tue's. sales 30,565					
Tue's open int 206,928 off 2734					
UNLEADED GASOLINE (NMER) 42,000 gal, cents per gal					
Jun 97	64.60	62.75	64.30	−0.46	40,840
Jul 97	63.60	62.00	63.30	−0.31	27,405
Aug 97	62.50	61.15	62.45	+0.09	9,841
Sep 97	61.50	60.25	61.50	+0.44	3,416
Oct 97	58.90	58.20	58.90	−0.11	3,394
Nov 97	57.65	57.45	57.50	−0.72	1,836
Dec 97	57.35	57.10	57.10	−0.72	4,080
Est. sales N.A. Tue's. sales 24,419					
Tue's open int 95,186 up 1869					
GASOIL (IPE) U.S. dollars per metric ton - lots of 100 tons					
Jun 97	171.75	169.75	170.75	−2.50	23,847
Jul 97	172.75	171.25	172.00	−2.00	10,124
Aug 97	174.00	173.00	173.75	−2.00	7,840
Sept 97	175.50	174.50	175.00	−2.00	3,243
Oct 97	177.50	176.50	177.25	−1.50	3,818
Nov 97	178.25	177.50	178.50	−1.50	1,857
Dec 97	179.50	179.00	179.25	−1.50	7,652
Est. sales: 11,404 . Open int.: 62,327 off 506					
BRENT OIL (IPE) U.S. dollars per barrel - lots of 1,000 barrels					
June 97	19.65	19.20	19.51	−0.11	[illegible]
July 97	19.61	19.12	19.54	+0.08	81,418
Aug 97	19.55	19.11	19.50	+0.10	24,272
Sep 97	19.50	19.12	19.47	+0.11	10,934
Oct 97	19.27	19.10	19.45	+0.10	6,765
Nov97	19.18	19.08	19.44	+0.11	4,000
Dec97	19.35	19.07	19.43	+0.12	10,029
Jan98	19.30	19.10	19.39	+0.12	7,084
Est. sales: 53,893 Open int: 172,004 off 3,439					

Stock Indexes

	High	Low	Latest	Chge	Opint
S&P COMP. INDEX (CMER) 500 x index					
Jun 97	846.30	835.50	837.75	−0.10	[illegible]
Sep 97	854.70	844.30	846.70	+0.25	[illegible]
Dec 97	864.00	863.00	864.00	+8.20	[illegible]
Est. sales N.A. Tue's. sales 79,461					
Tue's open int 197,025 off 2275					
FTSE 100 (LIFFE) £25 per index point					
Jun97	4730.0	4666.0	4707.0	+2.0	[illegible]
Sep97	4753.0	4712.0	4735.5	+2.0	[illegible]
Dec97	N.T	N.T	4783.5	+3.5	[illegible]
Est. sales: 18,758. Prev. sales: 22,536					
Prev. open int.: 76,775 up 1,476					
CAC 40 (MATIF) FF200 per index point					
May 97	2774.0	2720.0	2764.0	+55.00	[illegible]
Jun 97	2749.0	2697.5	2739.5	+55.00	[illegible]
Jul 97	2727.5	2699.0	2738.5	+55.00	[illegible]
Sep 97	2764.0	2709.5	2753.5	+55.00	[illegible]
Dec 97	N.T.	N.T.	2773.5	+55.00	[illegible]
Mar 98	2786.0	2786.0	2796.5	+55.00	[illegible]
Est. volume: 28,678. Open int.: 70,136 up 2,063.					

Commodity Indexes

	Close	Previous
Moody's	1,604.60	[illegible]
Reuters	1,991.30	[illegible]
D.J. Futures	163.16	[illegible]
CRB	251.38	[illegible]

Sources: Matif, Associated Press, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange.

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U.S. STOCKS

EUROPE

Paris Tightens Reins On State-Owned Firms

Compiled by Our Staff From Dispatches

PARIS — The government said Wednesday it was reorganizing the Treasury to try to tighten control over state-owned companies, several of which have required massive bailouts at taxpayers' expense.

The reform will include privatizations where possible and increased professional supervision for companies that remain in state hands — including bringing in consultants from the private sector — to prevent a repetition of the big losses run up by state companies in the past.

Losses at Credit Lyonnais, Groupe des Assurances Nationales and the defense company Giat Industries SA have taken a heavy toll on the Treasury. For Credit Lyonnais alone, the bill is expected to come to more than 130 billion francs ($22.7 billion).

Losses at state companies "have caused indignation and bewilderment among French people," Finance Minister Jean Arthuis said. "We must reform the way the state operates as a shareowner."

Under the new organization, to take effect immediately, people at the Treasury who regulate an industry, such as banking, will be different from those who represent the state on the boards of companies within that industry.

In the previous system, the head of the department for monetary affairs at the Treasury traditionally sat on the board at Credit Lyonnais. Investigations showed, however, that that person carried little weight with the chairman of the bank.

Mr. Arthuis denied that there was any connection between the decision to announce the reform and France's parliamentary elections planned for May 25 and June 1.

He declined to not say whether the new system would eliminate political interference. In the case of Credit Lyonnais, analysts said some dubious loans had been made with the blessing of members of the former Socialist government.

Mr. Arthuis said heads of state-owned companies in the past had been too high-handed with the government. "Several times I was asked at 10 P.M. to approve important decisions to be presented at a board meeting at 10 A.M. the following day," he said. "That's unacceptable." *(Bloomberg, Reuters)*

French Car Sales Better Abroad

Bloomberg News

PARIS — French car and tire makers reported higher first-quarter sales Wednesday as growth from foreign activities offset a slumping domestic market.

PSA Peugeot Citroen SA, the country's largest carmaker, said worldwide sales rose 0.6 percent, while Renault, the No. 2, said global sales were up 3 percent. The tiremaker Compagnie Generale des Etablissements Michelin SCA said sales rose 7.4 percent in the quarter.

The reports came as European Union figures showed French car registrations were the only ones in Western Europe to decline in April.

The prospect that the French car industry could weather domestic weakness through overseas sales buoyed its stocks. But Jacques de Greling, an analyst at the French brokerage Transbourse, said it was "a bit early to speak of recovery" in the car industry. French automakers predict the domestic market will shrink 10 percent this year.

U.K. Joblessness Hits 7-Year Low

But Labour Pledges Review to Give Figures More Credibility

Reuters

LONDON — Unemployment fell to its lowest level for almost seven years in April, according to official figures released Wednesday, but the new Labour government announced plans to review the much-criticized figures to make them more credible.

The Office for National Statistics said unemployment fell by 59,400 last month, to 1.65 million, the lowest total since August 1990, making the jobless rate 5.9 percent of the work force.

Underlying average earnings grew by a slower-than-expected 4.5 percent in the year to March, compared with a 5 percent rise in the year to February, suggesting a slight easing in inflationary pressures.

Officials of the Labour Party, some of whom had derided the jobless data as "fantasy figures" before Labour won the British election this month, welcomed the fall in unemployment but said it was time the figures were overhauled. That could be a risky move, as many economists say any serious review of the way unemployment is measured will probably show many more people out of work. "Credibility must be restored to the official unemployment statistics," Andrew Smith, the employment minister, said. "The public have suspected they have been the object of political manipulation."

Other methods would probably show higher unemployment.

Officials said they would consult economists, statisticians and the media about how best to present the figures and hoped to make any changes by late summer. Unlike many other nations, Britain defines the unemployed as the number of people out of work and eligible to claim benefits.

Many economists would like Britain to adopt the International Labor Organization definition of unemployment as the number out of work and looking for jobs.

A recent independent study by Sheffield Hallam University calculated that real unemployment in January was more than double the official figure. That would have represented an unemployment rate of about 13 percent, roughly in line with rates in other major European countries. "We have been living with manipulated, distorted data for 15 years," John Shepperd, chief economist at Yamaichi International, said.

Investor's Europe

Exchange	Index	Wednesday Close	Prev. Close	% Change
Amsterdam	AEX	796.86	786.03	+1.38
Brussels	BEL-20	2,247.70	2,242.94	+0.21
Frankfurt	DAX	3,573.69	3,595.15	-0.60
Copenhagen	Stock Market	565.86	564.92	+0.18
Helsinki	HEX General	3,032.46	3,011.45	+0.70
Oslo	OBX	609.71	610.82	-0.18
London	FTSE 100	4,686.90	4,691.00	-0.09
Madrid	Stock Exchange	546.76	548.08	-0.23
Milan	MIBTEL	12426	12327	+0.80
Paris	CAC 40	2,774.63	2,719.58	+2.02
Stockholm	SX 16	2,940.99	2,926.41	+0.50
Vienna	ATX	1,261.47	1,256.17	+0.42
Zurich	SPI	3,239.69	3,212.87	+0.83

Source: Telekurs — International Herald Tribune

Berlin Bank Negotiates to Buy NordLB

Compiled by Our Staff From Dispatches

BERLIN — Bankgesellschaft Berlin AG, a bank controlled by the city-state of Berlin, said Wednesday it had begun talks to acquire Norddeutsche Landesbank Girozentrale, a move that could lead to the creation of Germany's second-largest bank.

Together, the banks had assets of about 567 billion Deutsche marks ($334 billion) at the end of 1996, slightly more than Dresdner Bank AG, Germany's second-largest bank. Bankgesellschaft after the acquisition would be about two-thirds the size of Deutsche Bank AG, the largest bank in Europe.

The banks did not disclose prices or other details, but they hope to combine by the end of the year, Constanze Stempel, a Bankgesellschaft spokeswoman, said.

The banks said NordLB, which is owned by the states of Lower Saxony, Mecklenburg-Western Pomerania and Saxony-Anhalt, would remain an independent bank within Bankgesellschaft Berlin, which is 57 percent owned by the Berlin government. The investment banking and international businesses of the two banks would be merged.

Shares in the new bank will be held by both public and private owners. Shares owned by the public sector will be held equally by Berlin and by NordLB's current shareholders, and the two will have an equal number of seats on the new banks' supervisory board, the companies said.

Bankgesellschaft Berlin was created in 1994 by the merger of three state banks: Berliner Bank AG, Landesbank Berlin Girozentrale and Berliner Hypotheken- & Pfandbrief Bank AG.

Analysts said they were surprised by the speed of the negotiations between the two banks.

"Before, I thought the banks were not interested in a merger," said Dieter Hein, a banking analyst with BHF-Bank AG. "The public-sector banks are not particularly dynamic, so it is not as positive as a merger in the private sector."

(Bloomberg, AFX)

Very briefly:

- **Cable & Wireless PLC**, Britain's second-largest telecommunications company, said its annual pretax profit after exceptional items jumped 12 percent, to a record £1.42 billion ($2.31 billion).
- **British Telecommunications PLC's** purchase of **MCI Communications Corp.** was approved by the European Commission after BT agreed to provide circuits for rival operators on its cables between Britain and America.
- **Novo Nordisk AS**, a Danish pharmaceutical company, said first-quarter pretax profit rose less than 1 percent from a year earlier, to 560 million kroner ($86.2 million).
- **Imperial Tobacco PLC**, in its first financial results since it was spun off from Hanson PLC in October, reported profit before tax of £143 million, in line with expectations, for the six months that ended March 29.
- **Adam Opel AG**, a unit of **General Motors Corp.**, and **Valmet Oy Automotive** of Finland plan to build a car in Russia by the end of 1998 in a venture with **AvtoVAZ**.
- **Mannesmann AG** will take a 15 percent stake in telecommunications company **Cegetel SA**. *Reuters, Bloomberg, AFX*

WORLD STOCK MARKETS

Wednesday, May 14

Prices in local currencies.

Telekurs

Amsterdam
AEX index: 796.86 Previous: 786.03

	High	Low	Close	Prev.
ABN-AMRO	35.80	34.70	35.70	34.70
Aegon	141.40	139	141.40	138.60
Ahold	148.30	145	146.90	145.50
Akzo Nobel	262.40	259	262.10	258.90
Baan Co.	118.40	108.50	108.80	117.60
Bols Wess cva	37.40	36.60	37.30	37.30
CSM cva	110.30	107.50	107.50	111.10
Dordtsche Pet	382.50	378.60	381.60	379
DSM	194	191.60	192	193
Elsevier	33.80	33.40	33.60	33.30
Fortis Amev	76.90	75.30	76.80	75.40
Getronics	63.50	62.30	62.90	63.40
G-Broc cva	66.90	65.30	66.70	65.50
Hagemeyer	89.80	88.10	88.50	88.50
Heineken	343	335.50	340.90	343
Hoogovens cva	89.30	88.10	88.70	88.70
Hunt Douglas	169.50	165.50	166.50	168.50
ING Group	80	78.70	79.50	78.70
KLM	60.30	59.30	60	59.50
KNP BT	41.50	40.80	41.20	41.40
KPN	70.30	68.40	69.90	69
Nedlloyd Gp	45.10	44.80	45	44.80
Nutricia	296.50	292.50	294.50	293.20
Oce Grinten	244.30	242.50	244	242.60
Philips Elec	109.30	106.60	109	106.50
Polygram	97.50	94.90	96.50	96.20
Randstad Hdg	183	178.40	179.80	181.60
Robeco	171.50	169.50	170.80	170
Rodamco	60.90	60.40	60.70	60.60
Rolinco	173.80	173.20	173.80	173
Rorento	110	109.80	109.80	109.80
Royal Dutch	369.70	365.40	366.50	364.80
Unilever cva	388	382	387.70	383.50
Vendex Intl	103.30	99.50	102.10	99
VNU	41.10	40.10	41	40.20
Wolters Kl cva	240.20	230.50	238.80	230.50

Bangkok
SET index: 571.30 Previous: 580.24

	High	Low	Close	Prev.
Adv Info Svc	163	148	155	164
Bangkok Bk F	234	210	216	228
Krung Thai Bk	27.75	25	25	27.50
PTT Explor	310	300	310	322
Siam Cement F	632	556	556	640
Siam Com Bk F	145	134	135	144
Telecomasia	31.50	27.75	27.75	30.75
Thai Airways	38.25	37.25	38	38.50
Thai Farm Bk F	137	125	130	136
Utd Comm	149	135	142	150

Bombay
Sensex 30 index: 3740.53 Previous: 3781.96

	High	Low	Close	Prev.
Bajaj Auto	934.50	824	915.25	849.75
Hindust Lever	1075	1038	1072.25	1069.75
Hindust Petm	421.75	415.50	421.50	415
Ind Dev Bk	89	87	88.75	87.75
ITC	408.25	395	408.25	399.75
Mahanagar Tel	282.50	275.75	280.25	281
Reliance Ind	296.75	288	296.25	293
State Bk India	304.75	296.25	304.25	301
Steel Authority	20.25	20	20	20.25
Tata Eng Loco	381	366	380	369.25

Brussels
BEL-20 index: 2247.70 Previous: 2242.94

	High	Low	Close	Prev.
Almanij	15350	15075	15350	15300
Barco Ind	6650	6480	6600	6490
BBL	8930	8860	8910	8870
CBR	3500	3465	3465	3465
Colruyt	14300	14100	14225	14125
Delhaize Lion	1835	1810	1820	1815
Electrabel	8270	8220	8240	8250
Electrafina	3595	3585	3595	3585
Fortis AG	6480	6410	6430	6380
Gevaert	2850	2755	2830	2810
GBL	5800	5650	5750	5760
Gen Banque	14375	14250	14350	14375
Kredietbank	13675	13450	13675	13450
Petrofina	13000	12825	12925	12925
Powerfin	5090	5050	5060	5090
Royale Belge	9630	9560	9600	9550
Soc Gen Belg	3280	3250	3255	3250
Solvay	21225	21025	21125	21050
Tractebel	15375	15325	15325	15350
UCB	96500	96100	96300	96200

Copenhagen
Stock index: 564.86 Previous: 564.92

	High	Low	Close	Prev.
BG Bank	319	314	315	317
Carlsberg B	410	398	400	408
Codan Fors	880	872.50	880	885
Danisco	399	394	397	396
Den Danske Bk	622	607	613	616
D/S Svendborg B	320000	320000	320000	315000
D/S 1912 B	227000	222000	227000	222000
FLS Ind B	1060	1044	1056	1050
Kob Lufthavne	695	695	695	690
Novo Nordisk B	703	680	703	690
Sophus Ber B	864	840	860	847
Tele Danmk B	334	327	327.50	331
Tryg Baltica	366	356	360	360
Unidanmark A	359	350	350	354

Frankfurt
DAX: 3573.69 Previous: 3595.15

	High	Low	Close	Prev.
AMB B	1280	1268	1260	1275
Adidas	184.50	182.50	182.50	182.50
Allianz Hdg	354	351.50	352.20	355.50
Altana	1365	1352	1360	1380
Bk Berlin	38	37.50	37.90	37.48
BASF	68.20	67.45	67.45	67.80
Bayer Hypo Bk	56.10	55.70	56.10	56.30
Bay.Vereinsbank	73.50	73	73.20	73.70
Bayer	66.15	64.95	64.95	66.20
Beiersdorf	89.50	87.50	88.50	87
Bewag	44.10	44	44	44
BMW	1472	1460	1465	1468
CKAG Colonia	176	171	171	174
Commerzbank	48.75	48	48	48.15
Daimler Benz	135.10	133.70	134.30	135.50
Degussa	78.60	77	77.50	77.50
Deutsche Bank	97.80	97.30	97.45	97.30
Deut Telekom	39.65	39	39.20	40.13
Dresdner Bank	59.40	59.10	59.15	59.30
Fresenius	366	363.50	366	367
Fresenius Med	150.50	149.50	150.30	151.40
Fried. Krupp	323.50	322	322	325
Gehe	118.60	118	118.25	117.80
Heidelbg Zmt	153	153	153	158
Henkel pfd	95.20	93.90	93.90	95.50
HEW	N.T.	N.T.	N.T.	491
Hochtief	74.50	71.50	74	70.50
Hoechst	66.45	65.50	65.70	66.90
Karstadt	542	535	537.50	542.50
Lahmeyer	79	75.50	77	74.80
Linde	1260	1241	1259	1275
Lufthansa	28.20	28	28.20	28.25
MAN	524	518	520	519.75
Mannesmann	715	702	711	696.50
Metallgesellschaft	36.40	36.10	36.20	36.50
Metro	167.30	164.50	166.50	166
Munch Rueck R	4400	4375	4398	4410
Preussag	451	443.50	450	443
RWE	74.90	74.50	74.55	75.50
SAP pfd	326	323.70	323.70	325.50
Schering	177	174	175.30	171.10
SGL Carbon	238.80	235.20	235.20	237.78
Siemens	100.85	99.75	99.79	101.98
Springer (Axel)	1550	1550	1550	1550
Suedzucker	939	925	939	910
Thyssen	378.50	374	376.50	374
Veba	99.90	98.80	98.85	97.40
VEW	528	515	518	535
Viag	782	778	779.50	782
Volkswagen	1167	1153	1153	1167.50

Helsinki
HEX General index: 3032.46 Previous: 3011.45

	High	Low	Close	Prev.
Enso A	45.70	45	45.70	45
Huhtamaki I	245	237	245	236
Kemira	50	49.70	50	50
Kesko	74	73.50	73.70	74
Merita A	17.70	17.40	17.70	17.40
Metra B	142	140	141	142.10
Metso-Serla B	41.50	40	41.50	40.20
Neste	140	137	140	138
Nokia A	334.50	329	334	332.50
Orion-Yhtymae	202	201	202	201
Outokumpu A	99.50	98.50	99.50	99
UPM-Kymmene	122.50	121	122.50	121.50
Valmet	87.50	86.70	87	87.60

Hong Kong
Hang Seng: 14153.58 Previous: 13906.46

	High	Low	Close	Prev.
Amoy Props	8.50	8.25	8.40	8.25
Bk East Asia	28.60	27.90	28.50	28.20
Cathay Pacific	12.20	11.90	12.10	11.95
Cheung Kong	76.25	74	76	75
CK Infrastruct	22.45	22.25	22.40	22.25
China Light	37.50	36	37.20	36.10
Citic Pacific	44.50	43.20	44.20	43.90
Dao Heng Bk	39.30	38.50	39.30	38.70
First Pacific	9.60	9.40	9.55	9.35
Hang Lung Dev	14.90	14.45	14.80	14.50
Hang Seng Bk	94.25	92	94	92.50
Henderson Inv	9	8.60	9	8.85
Henderson Ld	72	69.25	71.75	69.75
HK China Gas	12.65	12.50	12.60	12.60
HK Electric	28.35	27.55	28.35	27.55
HK Telecomm	15.50	14.95	15.45	15.20
Hopewell Hdgs	4.30	4.15	4.18	4.25
HSBC Hdgs	224	216	223	217
Hutchison Wh	62.75	60.50	62.25	61.50
Hysan Dev	23.35	22.60	23.20	22.80
Johnson El Hdg	23.50	22.75	23.30	22.80
Kerry Props	18.80	18.65	18.65	19
New World Dev	49.20	48.10	49.10	48.60
Oriental Press	2.65	2.55	2.60	2.60
Pearl Oriental	3.15	3.10	3.13	3.13
SHK Props	92.75	90.50	92.75	91.25
Shun Tak Hdgs	4.93	4.88	4.90	4.90
Sino Land Co.	8.35	8.10	8.25	8.20
Sth China Post	7.10	6.95	7.05	7
Swire Pac A	61.50	60.50	61.25	60.75
Wharf Hdgs	31.50	30.70	31.40	30.90
Wheelock	18.60	17.90	18.50	18

Jakarta
Composite index: 670.59 Previous: 672.87

	High	Low	Close	Prev.
Astra Intl	6150	6050	6150	6100
Bk Intl Indon	1925	1875	1875	1925
Bk Negara	1525	1500	1525	1525
Gudang Garm	10250	10150	10250	10300
Indocement	3100	3050	3100	3075
Indofood	5000	4950	5000	5050
Indosat	7350	7200	7200	7400
Sampoerna HM	10225	10125	10150	10150
Semen Gresik	5900	5850	5900	5875
Telekomunikasi	3800	3750	3775	3775

Johannesburg
All Market: 7214.48 Previous: 7193.85

	High	Low	Close	Prev.
Amalgamatd Bks	29.90	29.50	29.90	29.60
AngloAm Coal	309	308	309	308
AngloAm-Corp	279.50	278	279.50	279.75
AngloAm Gold	318.50	316	318.50	315
AngloAm Ind	198	195	196.50	194.50
AVMIN	16.60	16.50	16.50	16.70
Barlow	49	48.80	49	48.90
C.G. Smith	25.30	25	25.30	25
De Beers	160.75	159.75	160.50	159.75
Driefontein	41	40.40	40.75	41
Fst Natl Bk	34.50	33.80	34.05	33.95
Gencor	19	18.85	18.90	19
GFSA	109.75	109	109.75	109.75
Imperial Hdgs	59.50	59	59	59.25
Ingwe Coal	29.65	29.55	29.65	29.55
Iscor	3.19	3.16	3.17	3.18
Johnnies Indl	59	58.50	58.75	58.75
Liberty Hdgs	341	334.50	341	335
Liberty Life	129.50	125.25	129.50	125
LibLife Strat	17.75	17.40	17.75	17.50
Minorco	101	100	100.50	101
Nampak	17.60	17	17.60	17.80
Nedcor	92.50	91.50	91.75	91.75
Rembrandt Gp	49.75	48.60	49.25	48.50
Richemont	65.25	64.25	64.75	65.25
Rust Platinum	75.50	74.50	75	74.50
SA Breweries	130.25	128.50	130.25	130
Samancor	47.50	47	47.50	47.50
Sasol	54.50	53.75	54	54.50
SBIC	218.50	216	217	217
Tiger Oats	75.75	75.25	75.50	75.75

Kuala Lumpur
Composite: 1072.49 Previous: 1084.55

	High	Low	Close	Prev.
AMMB Hdgs	16.70	16.10	16.20	16.50
Genting	13.90	13.70	13.80	13.80
Mal Banking	25.75	25	25.25	25.25
Mal Intl Ship F	5.80	5.50	5.50	5.90
Petronas Gas	8.65	8.55	8.55	8.60
Proton	13.50	12.80	12.90	13.50
Public Bk	4.48	4.42	4.44	4.50
Renong	3.36	3.26	3.28	3.34
Resorts World	8.85	8.70	8.70	8.75
Rothmans PM	24.60	24	24	23.90
Sime Darby	8.15	8.05	8.10	8.10
Telekom Mal	17.60	17.20	17.30	17.50
Tenaga	11.80	11.60	11.70	11.80
Utd Engineers	18.20	17.80	17.80	18.20
YTL	9.75	9.60	9.70	9.75

London
FT-SE 100: 4686.90 Previous: 4691.00

	High	Low	Close	Prev.
Abbey Natl	9.57	9.26	9.33	9.40
Allied Domecq	4.65	4.46	4.57	4.62
Anglian Water	6.96	6.87	6.93	6.90
Argos	6.23	6	6	6.25
Asda Group	1.20	1.17	1.19	1.18
Assoc Br Foods	5.60	5.54	5.55	5.58
BAA	5.40	5.25	5.37	5.32
Barclays	12.77	12.48	12.63	12.53
Bass	8.19	8.01	8.16	8.13
BAT Ind	5.52	5.37	5.47	5.42
Bank Scotland	4.30	4.20	4.23	4.25
Blue Circle	4.27	4.17	4.19	4.24
BOC Group	9.92	9.80	9.87	9.85
Boots	7.40	7.25	7.32	7.36
BPB Ind	3.34	3.22	3.34	3.25
Brit Aerosp	12.97	12.69	12.76	12.76
Brit Airways	7.45	7.10	7.43	7.12
BG	1.82	1.78	1.81	1.81
Brit Land	6.04	5.83	5.92	6.03
Brit Petm	7.52	7.38	7.45	7.43
BSkyB	5.76	5.54	5.66	5.72
Brit Steel	1.48	1.45	1.47	1.48
Brit Telecom	4.55	4.47	4.50	4.53
BTR	2.20	2.09	2.16	2.13
Burmah Castrol	10.65	10.43	10.51	10.46
Burton Gp	1.55	1.53	1.54	1.55
Cable Wireless	5.15	4.91	4.98	5.13
Cadbury Schw	5.67	5.55	5.61	5.65
Carlton Comm	5.40	5.11	5.22	5.38
Comml Union	7.45	7.33	7.37	7.47
Compass Gp	6.67	6.60	6.61	6.61
Courtaulds	3.27	3.18	3.20	3.18
Dixons	5.23	5.06	5.12	5.23
Electrocomponents	4.01	3.97	4	3.97
EMI Group	13.09	12.80	13.01	12.90
Energy Group	5.35	5.25	5.30	5.30
Enterprise Oil	6.70	6.57	6.67	6.57
Fam Colonial	1.63	1.62	1.63	1.62
Genl Accident	9.52	9.39	9.45	9.60
GEC	3.74	3.63	3.72	3.69
GKN	9.74	9.55	9.64	9.57
Glaxo Wellcome	12.65	12.39	12.53	12.48
Granada Gp	9.41	9.21	9.28	9.32
Grand Met	5.75	5.62	5.69	5.87
GRE	3.08	2.95	3	3.06
Greenalls Gp	5.12	5.06	5.07	5.10
Guinness	5.85	5.70	5.76	5.96
GUS	6.85	6.70	6.72	6.75
Hays	5.76	5.68	5.71	5.77
HSBC Hldgs	17.75	17.47	17.54	17.46
ICI	7.97	7.83	7.95	7.96
Impl Tobacco	4.08	4.01	4.04	4.03
Kingfisher	7.21	7.09	7.18	7.11
Ladbroke	2.54	2.45	2.48	2.55
Land Sec	8.79	8.58	8.68	8.76
Lasmo	2.45	2.39	2.44	2.42
Legal Genl Grp	4.76	4.56	4.59	4.62
Lloyds TSB Gp	6.23	6.02	6.11	6.15
LucasVarity	2.02	1.97	2.02	1.97
Marks Spencer	5.21	5.16	5.20	5.19
MEPC	4.94	4.84	4.88	4.99
Mercury Asset	14.45	14.25	14.48	14.35
National Grid	2.30	2.26	2.29	2.30
Natl Power	5.57	5.43	5.47	5.50
NatWest	8.15	7.95	8.10	8.16
Next	7.10	7.02	7.08	7.06
Orange	2.22	2.15	2.17	2.24
P&O	6.37	6.21	6.33	6.21
Pearson	7.48	7.15	7.40	7.45
Pilkington	1.17	1.12	1.14	1.14
PowerGen	6.80	6.65	6.75	6.67
Premier Farnell	4.73	4.63	4.65	4.60
Prudential	6.80	6.65	6.73	6.67
Railtrack PP	4.38	4.28	4.36	4.32
Rank Group	4.53	4.46	4.48	4.51
Reckitt Colm	9.06	8.86	9.02	8.96
Redland	3.30	3.23	3.24	3.33
Reed Intl	6.22	6.08	6.17	6.20
Rentokil Initial	4.32	4.23	4.29	4.22
Reuters Hdgs	7.07	6.78	6.81	7.01
Rexam	2.92	2.86	2.86	2.89
RMC Group	9.40	9.28	9.32	9.44
Rolls Royce	2.50	2.44	2.48	2.45
Royal Bk Scot	6.64	6.47	6.57	6.50
RTZ reg	10.23	10.10	10.22	10.15
Royal & Sun All	5.14	4.95	5.03	5.20
Safeway	3.57	3.38	3.55	3.29
Sainsbury	3.82	3.67	3.80	3.77
Schroders	17.50	17.12	17.45	17.25
Scot Newcastle	7.08	7	7.82	7.03
Scot Power	3.98	3.85	3.97	3.87
Securicor	2.98	2.92	2.97	2.96
Severn Trent	7.95	7.75	7.92	7.81
Shell Transp R	11.69	11.53	11.65	11.52
Siebe	9.98	9.84	9.96	9.86
Smith Nephew	1.79	1.76	1.77	1.76
SmithKline	10.81	10.58	10.69	10.64
Smiths Ind	7.79	7.72	7.77	7.73
Sthern Elec	4.37	4.38	4.31	4.35
Stagecoach	6.22	6.15	6.16	6.22
Stand Charter	10.12	9.96	10.85	10.09
Tate & Lyle	4.60	4.53	4.58	4.56
Tesco	3.88	3.80	3.87	3.83
Thames Water	6.92	6.79	6.85	6.89
3i Group	5.18	4.98	5.07	5.18
TI Group	5.67	5.58	5.63	5.62
Tomkins	2.77	2.70	2.75	2.75
Unilever	17.05	16.80	16.95	17.03
Utd Assurance	5.09	5.05	5.09	5.07
Utd News	7.75	7.68	7.73	7.72
Utd Utilities	6.97	6.85	6.92	6.91
Vendome Lx uts	5.25	5.19	5.24	5.20
Vodafone	2.78	2.71	2.75	2.82
Whitbread	8.05	7.95	7.97	8.03
Williams Hdgs	3.18	3.12	3.13	3.15
Wolseley	4.80	4.75	4.79	4.77
WPP Group	2.53	2.49	2.51	2.52
Zeneca	19.85	19.50	19.64	19.68

Madrid
Bolsa index: 546.76 Previous: 548.00

	High	Low	Close	Prev.
Acerinox	24750	23810	24180	24600
ACESA	1760	1735	1745	1740
Aguas Barcelon	5840	5710	5790	5810
Argentaria	7490	7260	7280	7500
BBV	10590	10390	10500	10500
Banesto	1730	1585	1675	1660
Bankinter	23380	23000	23110	23380
Bco Centro Hisp	5100	4970	5000	5090
Bco Popular	33900	33250	33250	33700
Bco Santander	11850	11620	11780	11810
CEPSA	5060	4850	5050	4970
Continente	2630	2535	2610	2560
Corp Mapfre	7840	7720	7820	7750
Endesa	11390	11040	11270	11110
FECSA	1250	1220	1225	1225
Gas Natural	29870	29010	29020	29820
Iberdrola	1760	1705	1725	1740
Pryca	2750	2665	2715	2700
Repsol	6170	6030	6060	6040
Sevillana Elec	1375	1355	1355	1370
Tabacalera	7270	6840	7050	7230
Telefonica	4110	4025	4060	4070
Union Fenosa	1295	1255	1270	1280
Valenc Cement	1950	1910	1950	1915

Manila
PSE index: 2705.92 Previous: 2677.11

	High	Low	Close	Prev.
Ayala B	17.25	16.75	17.25	16.75
Ayala Land	20	19.50	19.75	19.50
Bk Philip Isl	144	142	143	143
C&P Homes	10.50	10.25	10.50	10.50
Manila Elec A	95	92	92.50	91.50
Metro Bank	600	595	600	600
Petron	7.50	7	7.40	7
PCIBank	297.50	287.50	290	295
Phil Long Dist	750	740	745	740
San Miguel B	70	66	70	65.50
SM Prime Hdg	6.90	6.80	6.80	7

Mexico
Bolsa index: 3883.39 Previous: 3938.74

	High	Low	Close	Prev.
Alfa A	48.40	47.10	47.10	47.50
Banacci B	17.64	17.30	17.56	17.48
Cemex CPO	28.70	27.80	28.10	28.50
Cifra C	12.70	12.44	12.44	12.70
Emp Moderna	40.50	39.75	39.90	40.50
Gpo Carso A1	47.70	46.30	46.40	47.45
Gpo F Bcomer	1.85	1.82	1.83	1.83
Gpo Fin Inbursa	27.15	27.00	27.00	27.00
Kimb Clark Mex	30.50	30.15	30.20	30.50
Televisa CPO	98.90	97.50	97.50	98.00
TelMex L	17.36	17.10	17.10	17.24

Milan
MIB Telematico: 12436.00 Previous: 12237.00

	High	Low	Close	Prev.
Alleanza Assic	12370	12185	12350	12280
Bca Comm Ital	3805	3715	3795	3730
Bca Fideuram	4650	4400	4610	4430
Bca di Roma	1259	1224	1224	1224
Benetton	23500	23200	23450	23250
Credito Italiano	2640	2465	2610	2470
Edison	8335	7950	8015	8250
ENI	8835	8725	8795	8715
Fiat	5755	5670	5700	5705
Generali Assic	30950	30500	30950	30650
IMI	15750	15240	15750	15250
INA	2325	2280	2325	2330
Italgas	5830	5745	5805	5785
Mediaset	7590	7465	7585	7455
Mediobanca	10250	10100	10150	10100
Montedison	1056	1037	1049	1045
Olivetti	490	480	489.50	484
Parmalat	2645	2560	2645	2585
Pirelli	3900	3850	3890	3865
RAS	14940	13955	13945	13920
Rolo Banca	18070	17620	18070	17505
S Paolo Torino	10850	10775	10800	10790
Stet	8380	8290	8340	8280
Telecom Italia	4700	4640	4690	4640
TIM	5230	5145	5210	5145

Montreal
Industrials index: 3112.71 Previous: 3089.86

	High	Low	Close	Prev.
Bce Mob Com	43.10	43	43.10	43.65
Cdn Tire A	25.95	25.70	25.70	25¾
Cdn Util A	34½	34½	34½	34.65
CT Finl Svc	33.40	33.40	33.40	33.40
Gaz Metro	17½	17.30	17.40	17.35
Gt-West Lifeco	26.95	26¾	26.90	26.95
Imasco	38.80	38.80	38.80	38⅝
Investors Grp	26½	26½	26½	26.55
Loblaw Cos	19¼	18.90	18.90	19.05
Natl Bk Canada	16.45	16.30	16.30	16.20
Power Corp	30¼	29.95	30.10	30.15
Power Finl	27.80	27½	27.65	27.60
Quebecor B	25⅝	25.40	25.40	25.65
Rogers Comm B	7.90	7.85	7.85	7.95
Royal Bk Cda	60.05	59¾	59.80	59.40

Oslo
OBX index: 609.71 Previous: 610.82

	High	Low	Close	Prev.
Aker A	133	129	129	132
Bergesen Dy A	162.50	157	162	157.50
Christiania Bk	23.50	23.10	23.40	23
Den norske Bk	27	26.70	27	26.60
Elkem	134.50	132	134.50	138.50
Hafslund A	44	44	44	44
Kvaerner Asa	364.50	360	361	361
Norsk Hydro	350	346.50	346.50	349
Norske Skog A	246	243	243	242.50
Nycomed A	99	96	99	99
Orkla Asa A	615	607.50	610	612
Petm GeoSvc	293	291	293	294
Saga Petm A	132	129	130	133
Schibsted	141	140	140	140
Transocean Off	460	449	460	450
Storebrand Asa	45.40	45.10	45.40	45

Paris
CAC-40: 2774.63 Previous: 2719.58

	High	Low	Close	Prev.
Accor	890	877	879	883
AGF	194.90	190	194.30	190.50
Air Liquide	927	898	927	895
Alcatel Alsth	699	672	689	668
Axa-UAP	372	366.20	369.60	371.80
Bancaire	765	730	740	753
BIC	898	875	890	889
BNP	265.50	250	262.10	249.20
Canal Plus	1096	1063	1095	1055
Carrefour	3890	3800	3860	3799
Casino	277.30	268.30	271.50	275.40
CCF	274.40	266.20	274	264.40
Cetelem	659	638	649	647
Christian Dior	917	897	908	895
CLF-Dexia Fran	564	552	554	548
Credit Agricole	1300	1268	1300	1300
Danone	922	901	918	893
Elf-Aquitaine	608	588	600	588
Eridania BS	906	891	906	893
Euro Disney	9.60	9.50	9.50	9.60
Eurotunnel	6.65	6.50	6.50	6.65
Gen. Eaux	814	798	807	805
Havas	447.90	442.80	446.20	446.90
Imetal	829	795	800	825
Lafarge	404	390	403	390
Legrand	960	948	958	949
L'Oreal	2198	2141	2161	2138
LVMH	1497	1456	1487	1450
Lyon. Eaux	587	578	581	578
Michelin B	354	344	354	339.40
Paribas A	408.70	394.30	406	392.90
Pernod Ricard	313	308.60	313	312.40
Peugeot Cit	645	614	644	610
Pinault-Print	2525	2475	2494	2501
Promodes	2078	2030	2075	2023
Renault	154	148.10	154	147.40
Rexel	1650	1532	1600	1555
Rh-Poulenc A	198.90	196.70	197.20	196
Sanofi	570	558	564	557
Schneider	336	332	334.60	331.50
SEB	1049	1022	1028	1046
SGS Thomson	443.50	431.20	434.90	440.90
Ste Generale	705	679	696	668
Sodexho	2869	2818	2830	2818
St Gobain	862	839	857	830
Suez	309	303.60	306.30	303.50
Synthelabo	724	690	719	712
Thomson CSF	191.50	186.50	191	187.60
Total B	553	524	542	519
Usinor	92.40	90.10	91.50	91.40
Valeo	372.80	367	368	367.90

São Paulo
Bovespa index: 10257.38 Previous: 10648.00

	High	Low	Close	Prev.
Bradesco Pfd	8.79	8.50	8.60	8.84
Brahma Pfd	765.00	735.00	745.00	774.00
Cemig Pfd	47.90	46.00	46.30	48.10
CESP Pfd	55.20	54.00	54.00	56.00
Copel	16.20	15.80	15.80	16.30
Eletrobras	481.00	465.00	467.00	486.00
Itaubanco Pfd	570.00	568.00	569.00	572.00
Light Servicios	490.00	486.00	487.00	490.00
Lightpar	327.00	325.00	325.00	335.00
Petrobras Pfd	231.00	225.50	227.50	232.01
Paulista Luz	166.00	157.50	157.50	168.51
Sid Nacional	37.40	36.30	36.30	37.60
Souza Cruz	8.50	8.50	8.50	9.25
Telebras Pfd	134.00	128.40	129.20	135.20
Telemig	153.00	147.00	148.51	156.00
Telerj	162.00	150.00	156.00	165.00
Telesp Pfd	340.00	319.00	326.80	346.00
Unibanco	39.79	39.78	39.79	39.79
Usiminas Pfd	1.20	1.17	1.170	1.220
CVRD Pfd	24.00	23.01	23.70	24.20

Market Closed

Seoul was closed Wednesday for a holiday.

Singapore
Straits Times: 2098.36 Previous: 2112.97

	High	Low	Close	Prev.
Asia Pac Brew	6.70	6.65	6.65	6.80
Cerebos Pac	8.95	8.85	8.85	9.05
City Devlts	13.60	13.20	13.60	13.50
Cycle Carriage	14.90	14.40	14.90	15.10
Dairy Farm Int*	0.77	0.75	0.77	0.78
DBS foreign	19	18.40	19	18.50
DBS Land	5.20	5.10	5.20	5.25
Fraser & Neave	12	11.90	12	11.90
HK Land*	2.54	2.48	2.52	2.57
Jard Matheson*	6.55	6.15	6.55	6.30
Jard Strategic*	3.42	3.60	3.60	3.62
Keppel	7	6.75	6.95	6.95
Keppel Bank	3.82	3.78	3.80	3.82
Keppel Fels	4.86	4.80	4.86	4.84
Keppel Land	4.18	4.08	4.10	4.18
OCBC foreign	19	18.40	18.90	18.50
OS Union Bk F	10.60	10.30	10.30	10.50
Parkway Hdgs	6.35	6.20	6.35	6.20
Sembawang	6.85	6.65	6.80	6.80
Sing Air foreign	13.30	12.90	13.20	13.10
Sing Land	7.15	7.05	7.05	7.15
Sing Press F	29.80	29.10	29.40	29.10
Sing Tech Ind	3.92	3.84	3.92	3.92
Sing Telecomm	2.71	2.68	2.69	2.69
Tat Lee Bank	3.40	3.38	3.38	3.40
Utd Industrial	1.15	1.11	1.15	1.15
Utd O'Sea Bk F	15.80	15.30	15.50	15.40
Wing Tai Hdgs	4.42	4.24	4.40	4.32

*: in U.S. dollars.

Stockholm
SX 16 index: 2940.99 Previous: 2926.41

	High	Low	Close	Prev.
AGA B	103.50	102	102.50	103.50
ABB A	104	101.50	103.50	102.50
AssiDoman	215	209	214	210.50
Astra A	316.50	313	315	313
Atlas Copco A	206	201	205.50	204.50
Autoliv	299	291.50	294	297.50
Electrolux B	486	475	482	477
Ericsson B	271	267	267.50	268
Hennes B	261	251	260	256
Incentive A	625	619	623	622
Investor B	373	368	369	370
MoDo B	249	242.50	247	246
Nordbanken	241	238	240	238
Pharm/Upjohn	256.50	254	255.50	253
Sandvik B	205.50	200.50	204.50	203
Scania B	224	217	223	218.50
SCA B	176	171	171	171.50
S-E Banken A	84	82.50	84	83.50
Skandia Fors	247.50	239	247	239
Skanska B	330	327	329	329.50
SKF B	181.50	178	179.50	180
Sparbanken A	149.50	147	148.50	149
Stadshypotek A	190	190	190	190
Stora A	116	113	116	114
Sv Handles A	222	220	221.50	223
Volvo B	208.50	206	208	206.50

Sydney
All Ordinaries: 2530.80 Previous: 2534.30

	High	Low	Close	Prev.
Amcor	8.39	8.25	8.37	8.45
ANZ Bkng	8.47	8.37	8.47	8.49
BHP	18.13	18.02	18.10	18.21
Boral	3.78	3.69	3.78	3.73
Brambles Ind.	23.75	23.55	23.75	23.75
CBA	14.82	14.44	14.78	14.55
CC Amatil	14.70	14.60	14.70	14.70
Coles Myer	6.20	6.08	6.18	6.16
Comalco	6.89	6.82	6.87	6.86
CRA	19.85	19.77	19.82	19.80
CSR	4.65	4.57	4.60	4.63
Fosters Brew	2.62	2.59	2.62	2.61
Goodman Fld	1.70	1.65	1.70	1.67
ICI Australia	12.10	11.96	11.96	11.85
Lend Lease	24.76	24.60	24.75	24.83
MIM Hdgs	1.77	1.74	1.77	1.75
Nat Aust Bank	18.49	18.15	18.34	18.34
Nat Mutual Hdg	1.95	1.90	1.95	1.92
News Corp	5.88	5.70	5.72	5.93
Pacific Dunlop	3.50	3.43	3.50	3.48
Pioneer Intl	4.35	4.29	4.34	4.34
Pub Broadcast	6.52	6.40	6.52	6.48
St George Bank	8.18	8.08	8.16	8.15
WMC	7.99	7.88	7.88	8.04
Westpac Bkng	7.60	7.41	7.45	7.50
Woodside Pet	10.97	10.81	10.97	10.86
Woolworths	4	3.90	3.97	3.91

Taipei
Stock Market index: 8181.42 Previous: 7952.12

	High	Low	Close	Prev.
Cathay Life Ins	157	149	155	148.50
Chang Hwa Bk	120.50	114.50	118.50	113.50
Chiao Tung Bk	68	64	68	64
China Develpmt	122	118.50	118.50	117
China Steel	30.20	29.70	30.10	29.70
First Bank	120.50	114	119	113
Formosa Plastic	66	62	64	62
Hua Nan Bk	116.50	110	116.50	109
Intl Comm Bk	66.50	63	66.50	62.50
Nan Ya Plastics	70.50	68.50	70	68.50
Shin Kong Life	94.50	89	94.50	88.50
Taiwan Semi	113	108	108	112.50
Tatung	55.50	54.50	55	54.50
Utd Micro Elec	69.50	68	69	68
Utd World Chin	71	67.50	70	67

Tokyo
Nikkei 225: 20289.72 Previous: 20129.11

	High	Low	Close	Prev.
Ajinomoto	1200	1180	1200	1200
All Nippon Air	783	761	763	785
Amway	4300	4160	4270	4100
Asahi Bank	818	796	817	798
Asahi Chem	710	694	697	702
Asahi Glass	1170	1160	1170	1160
Bk Tokyo Mitsu	2120	2080	2090	2100
Bk Yokohama	530	521	525	529
Bridgestone	2750	2670	2690	2710
Canon	3000	2960	3000	3010
Chubu Elec	2100	2080	2100	2080
Chugoku Elec	2040	2030	2030	2030
Dai Nipp Print	2440	2400	2430	2400
Daiei	720	706	720	711
Dai-Ichi Kang	1580	1530	1560	1560
Daiwa Bank	447	429	442	426
Daiwa House	1410	1380	1390	1430
Daiwa Sec	889	869	882	896
DDI	8750a	8610a	8750a	8510a
Denso	2940	2880	2940	2890
East Japan Ry	5530a	5430a	5490a	5550a
Eisai	2320	2270	2290	2320
Fanuc	4230	4200	4220	4210
Fuji Bank	1540	1500	1540	1540
Fuji Photo	4750	4630	4740	4620
Fujitsu	1380	1360	1370	1360
Hachijuni Bk	1130	1110	1120	1120
Hitachi	1250	1210	1230	1240
Honda Motor	3820	3770	3780	3840
IBJ	1490	1440	1470	1480
IHI	512	497	512	501
Itochu	624	612	624	606
Ito-Yokado	6750	6650	6740	6630
JAL	527	523	523	527
Japan Tobacco	8410a	8370a	8410a	8380a
Jusco	4330	4200	4270	4120
Kajima	702	681	683	703
Kansai Elec	2230	2180	2210	2230
Kao	1560	1510	1550	1510
Kawasaki Hvy	545	532	544	534
Kawa Steel	378	369	372	374
Kinki Nipp Ry	707	700	702	705
Kirin Brewery	1180	1140	1150	1180
Kobe Steel	236	228	229	235
Komatsu	942	924	929	930
Kubota	589	577	581	590
Kyocera	7460	7410	7460	7470
Kyushu Elec	2020	1980	1980	2010
LTCB	380	371	376	379
Marubeni	507	496	500	502
Marui	2220	2200	2220	2230
Matsu Comm	3240	3200	3240	3210
Matsu Elec Ind	2200	2160	2200	2170
Matsu Elec Wk	1320	1300	1310	1320
Mitsubishi	1410	1370	1410	1400
Mitsubishi Ch	415	406	412	405
Mitsubishi El	707	698	707	704
Mitsubishi Est	1640	1610	1640	1620
Mitsubishi Hvy	858	849	856	840
Mitsubishi Mat	899	887	890	901
Mitsubishi Tr	1610	1550	1590	1600
Mitsui	994	981	994	988
Mitsui Fudosn	1470	1430	1470	1440
Mitsui Trust	908	876	881	910
Murata Mfg	5000	4980	5000	5000
NEC	1610	1580	1610	1590
Nikon	1870	1850	1870	1870
Nikko Sec	758	743	750	759
Nintendo	9300	9160	9160	9160
Nipp Express	915	892	906	925
Nippon Oil	649	635	636	651
Nippon Steel	376	365	371	373
Nissan Motor	761	751	751	761
NKK	271	265	271	265
Nomura Sec	1500	1460	1480	1550
NTT	1050b	1050b	1050b	9930a
NTT Data	4270b	4160b	4270b	4170b
Oji Paper	758	750	757	742
Osaka Gas	301	296	301	302
Ricoh	1460	1450	1450	1440
Rohm	10000	10000	10000	10400
Sakura Bk	734	715	720	730
Sankyo	3540	3490	3520	3470
Sanwa Bank	1540	1500	1540	1520
Sanyo Elec	508	500	503	506
Secom	7820	7760	7820	7780
Seibu Rwy	6250	6150	6150	6250
Sekisui Chem	1220	1180	1190	1170
Sekisui House	1220	1200	1220	1210
Seven-Eleven	8300	8160	8240	8110
Sharp	1660	1630	1640	1640
Shikoku El Pwr	2000	1990	1990	1990
Shimizu	715	696	697	716
Shin-etsu Ch	2710	2680	2700	2690
Shiseido	1800	1760	1780	1770
Shizuoka Bk	1140	1100	1110	1150
Softbank	7970	7690	7970	7700
Sony	9870	9680	9830	9730
Sumitomo	929	908	915	929
Sumitomo Bk	1630	1570	1570	1610
Sumit Chem	515	494	509	515
Sumitomo Elec	1810	1780	1810	1800
Sumit Metal	310	304	310	305
Sumit Trust	1240	1220	1230	1230
Taisho Pharm	3120	3080	3100	3110
Takeda Chem	2940	2890	2940	2940
TDK	9100	9030	9030	9040
Tohoku El Pwr	2000	1980	1980	1980
Tokai Bank	970	956	965	965
Tokio Marine	1390	1360	1390	1370
Tokyo El Pwr	2280	2250	2270	2270
Tokyo Electron	5090	5010	5070	5000
Tokyo Gas	301	296	296	296
Tokyu Corp.	657	649	653	658
Tonen	1390	1350	1370	1380
Toppan Print	1730	1680	1720	1700
Toray Ind	783	772	778	779
Toshiba	730	713	721	735
Tostem	2940	2900	2910	2880
Toyo Trust	959	895	897	960
Toyota Motor	3670	3580	3660	3670
Yamanouchi	2950	2920	2930	2920

a: x 100; b: x 1,000

The Trib Index

Prices as of 3:00 P.M. New York time.

Jan. 1, 1992 = 100.	Level	Change	% change	year to date % change
World Index	165.41	+1.13	+0.69	+10.91
Regional Indexes				
Asia/Pacific	124.45	+1.74	+1.42	+0.83
Europe	174.63	+1.68	+0.97	+8.33
N. America	190.51	+1.28	+0.68	+17.66
S. America	146.84	-4.40	-2.91	+28.32
Industrial Indexes				
Capital goods	201.96	+0.98	+0.49	+18.16
Consumer goods	188.47	+2.15	+1.15	+16.75
Energy	193.64	+0.91	+0.47	+13.43
Finance	123.63	+1.32	+1.08	+6.16
Miscellaneous	165.59	+0.11	+0.07	+2.36
Raw Materials	184.80	+0.51	+0.28	+5.37
Service	152.66	-0.03	-0.02	+11.17
Utilities	140.84	-0.01	-0.01	-1.83

The International Herald Tribune World Stock Index © tracks the U.S. dollar values of 280 internationally investable stocks from 25 countries. For more information, a free booklet is available by writing to The Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France. Compiled by Bloomberg News.

Toronto
TSE Industrials: 6259.97 Previous: 6249.34

	High	Low	Close	Prev.
Abitibi Price	23.85	23.30	23.40	23⅜
Alberta Energy	32.40	32.20	32.20	32⅜
Alcan Alum	49.65	49	49.15	49.05
Anderson Expl	18.80	18.35	18.40	18⅜
Bk Montreal	53	52½	52.70	52.70
Bk Nova Scotia	57.10	56.45	56.70	56½
Barrick Gold	34.35	33.80	33.90	34⅛
BCE	35	34.45	34.90	34.40
BC Telecomm	29.70	29.45	29.70	29.30
Biochem Pharm	31¼	30½	30½	31
Bombardier B	28.20	27.95	28.05	28
Brascan A	35.55	35.15	35.15	35.40
Bre-x Minerals	N.T.	N.T.	N.T.	N.T.
Cdn Natl Rail	57.10	56	56	56⅛
Cdn Natl Res	36.40	35½	35.80	36
Cdn Occid Pet	28.90	27½	27½	28.55
Cdn Pacific	36½	35¾	35.90	36.15
Cominco	38.10	37⅝	38	38⅛
Dofasco	25.20	24.80	24.90	25
Domtar	11.65	11.30	11.65	11.40
Donohue A	29.80	29½	29.65	29.40
Du Pont Cda A	35⅛	35⅛	35⅛	35⅛
Edper Group	24	23.70	23⅝	23.85
EuroNev Mng	44	42.70	42⅝	43.15
Fairfax Finl	320	315	320	316
Falconbridge	31.15	30⅝	30⅝	31
Fletcher Chall A	23.95	23.35	23.70	23½
Franco Nevada	71½	69.70	70.95	69.80
Gulf Cda Res	11.85	11½	11.85	11½
Imperial Oil	65.05	64.85	65.05	64⅝
Inco	47¼	46½	46½	46¾
IPL Energy	43.45	43.05	43.10	43.45
Laidlaw B	19	18.80	19	18.80
Loewen Group	42.70	42	42¼	41⅝
Macmill Bldl	20.40	20.10	20.15	20.15
Magna Intl A	77.35	77	77.05	77.10
Methanex	12⅝	12.65	12.70	12.65
Moore	29.20	28.90	29.10	28¾
Newbridge Net	48.10	47.10	47½	46.90
Noranda Inc	31.80	31.45	31.60	31.60
Norcen Energy	33.20	32.85	33	33.20
Nthern Telecom	109½	107.40	107.85	107
Nova	12	11.90	11.90	11.90
Onex	25.30	25	25	25¼
Pancan Petlm	30	29¾	29.80	29.85
Petro Cda	23.10	22.90	23.10	22.80
Placer Dome	25⅝	25.30	25.40	25.70
Poco Petlm	15.40	15⅛	15⅛	15.35
Potash Sask	114.60	112½	114.05	112⅛
Renaissance	40.90	40⅛	40.40	40.80
Rio Algom	36.55	36.30	36.35	37
Rogers Cantel B	26.15	26	26	26.15
Seagram Co	54.20	53⅛	53.45	53.70
Shell Cda A	57.60	56.80	57.40	56.90
Stone Consold	23.80	23.40	23.40	23⅛
Suncor Energy	36.15	35.90	36	36.40
Talisman Eny	46.20	45.45	45.70	45¼
Teck B	30.90	30	30.60	30⅝
Teleglobe	43.10	42⅝	42⅝	42
Telus	23.15	22.85	22.85	23.15
Thomson	30.60	30.20	30⅛	30.15
TorDom Bank	41.30	40.80	40.90	40.90
Transalta	16	15.80	15.80	15⅝
TransCda Pipe	25.80	25½	25⅝	25.45
Trimark Finl	50	48⅝	49.95	48.80
Trizec Hahn	31⅛	31	31.15	31.35
TVX Gold	9.20	9	9	9.05
Westcoast Eny	24.55	24.30	24.45	24.40
Weston	77	76½	76½	76½

Vienna
ATX index: 1261.47 Previous: 1256.17

	High	Low	Close	Prev.
Boehler-Uddeh	930	922.30	925	929
Creditanst Pfd	508	484	505.60	483.65
EA-Generali	3120	3090	3100	3120
EVN	1640	1624	1634.50	1632
Flughafen Wien	524.45	518.10	521.10	518.50
OMV	1485	1450.50	1461.50	1461.90
Oest Elektriz	867.90	865	867.40	865
VA Stahl	527.25	517.70	525.60	522.50
VA Tech	2030	1990	2022	1999.98
Wienerberg Bau	2350	2230	2334	2315

Wellington
NZSE-40 index: 2380.99 Previous: 2383.16

	High	Low	Close	Prev.
Air N Zeald B	4.29	4.27	4.27	4.30
Brierly Invt	1.34	1.31	1.34	1.31
Carter Holt ord	3.24	3.18	3.23	3.20
Fletch Ch Bldg	4.05	4.03	4.03	4.07
Fletch Ch Eny	4.55	4.51	4.53	4.53
Fletch Ch Forst	2.00	1.99	1.99	2.00
Fletch Ch Paper	3.29	3.26	3.26	3.30
Lion Nathan	3.52	3.48	3.52	3.47
Telecom NZ	6.67	6.60	6.63	6.68
Wilson Horton	N.T.	N.T.	N.T.	11.65

Zurich
SPI index: 3239.68 Previous: 3212.87

	High	Low	Close	Prev.
ABB B	1985	1937	1985	1943
Adecco B	490	478	488	476
Alusuisse R	1316	1284	1302	1315
Ares-Serono B	2069	1990	2030	2049
Adel R	870	850	850	875
Baer Hdg B	2079	2043	2072	2040
Baloise Hdg R	3320	3240	3300	3250
BK Vision	1010	991	1010	990
Ciba Spec Chem	136.50	135	134.75	132.25
Clariant R	837	828	834	833
Crd Suisse Gp R	173.50	170	172.25	172
Elektrowatt B	526	524	526	527
Ems-Chemie	6240	6115	6125	6110
ESEC Hdg	4620	4455	4580	4600
Holderbank B	1219	1196	1200	1222
Liechtenst LB B	489	486	486	484
Nestle R	1875	1855	1866	1843
Novartis R	2048	2021	2039	2009
Oerlikon Bueh R	155	151.50	154	152.50
Pargesa Hld B	1800	1780	1780	1785
PharmVisn B	814	804	811	803
Richemont A	2090	2070	2085	2090
Pirelli PC	225	220.50	225	225
Roche Hdg PC	13030	12860	12980	12905
SBC R	346	339	344.50	344.50
Schindler PC	1923	1885	1910	1885
SGS B	3300	3225	3290	3200
SMH B	870	857	863	851
Sulzer R	1092	1072	1082	1062
Swiss Reins R	1814	1795	1806	1797
Swissair R	1371	1356	1368	1364
UBS B	1469	1445	1466	1439
Winterthur R	1143	1124	1128	1131
Zurich Assur R	497	493	494.50	493.50

NYSE

Wednesday's 4 P.M. Close

Nationwide prices not reflecting late trades elsewhere.

The Associated Press.

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Continued on Page 18

SOFT LANDING IN CHINA — [illegible] Wednesday in Beijing, where he was [illegible] Governor Yin Jieyan of the People's [illegible] chairman of the U.S. Federal Reserve [illegible] days in China and meet with top [illegible]

Japan Failure [illegible]

[illegible] — North Korea [illegible] blow [illegible] entered the [illegible] run by [illegible] North [illegible] clash with [illegible]

STORE: Can Nordstrom [illegible]

Continued from Page 13

INCORPOR[illegible]

Protect Your [illegible]

Corporate Agents [illegible]

302-99[illegible]

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Will Burgess/Reuters

SOFT LANDING IN CHINA — Alan Greenspan arriving Wednesday in Beijing, where he was welcomed by Deputy Governor Yin Jieyan of the People's Bank of China. The chairman of the U.S. Federal Reserve Board will spend three days in China and meet with top finance and banking officials.

Hong Kong Dollar's Champion

Central Banker Says He Can and Will Stand Up to Beijing

By Sandra Sugawara
Washington Post Service

HONG KONG — For the financial world, Joseph Yam is perhaps the most critical symbol of China's "one country, two systems" promise.

Mr. Yam is chairman of the Hong Kong Monetary Authority, the British colony's central bank. After China resumes sovereignty July 1, it will be his job to maintain the independence of the Hong Kong dollar from China's currency, the yuan, keep the cash-hungry Chinese government from plundering Hong Kong's abundant reserves and prevent an attack on the Hong Kong dollar.

Mr. Yam says he is confident that Hong Kong, with a vibrant economy, no deficit, no debt and more than $60 billion in hard-currency reserves, can protect its currency from panics within Hong Kong or attacks from outside. So far, his performance in managing the currency has won widespread praise from the financial community.

As for keeping Beijing at bay, Mr. Yam points out that the Basic Law, which governs China's actions in Hong Kong until 2047, and a subsequent policy statement stipulate that the two monetary systems will remain independent of one another for 50 years.

"So, for instance, if China were to exert pressure on us to buy renminbi assets, I simply can say, 'I can't do it, because this is laid down in our policy for the management of the reserves,' " Mr. Yam said.

He added that he would tell Chinese officials: "'You're not a freely convertible currency, and your credit rating is not up to the standard that we accept, so I'm afraid I just can't do it. And they can't actually force me to do it, because I publish our figures frequently."

Sin-ming Shaw, a Hong Kong-based fund manager, calls such talk self-delusional. Unlike most executives here, Mr. Shaw says Beijing will be more aggressive in managing Hong Kong's economy. He also says that would be a good thing.

"I don't know any sovereign country that would tolerate for long a system of one country and two currencies, with two central banks and two monetary policies, with one policy effectively set in Washington," he said. Because the Hong Kong dollar is pegged to a rate of around 7.75 to the U.S. dollar. Hong Kong's monetary policy is basically determined by the United States, with key interest rates based on the state of the U.S. economy, not that of Hong Kong or China.

"For the foreseeable future, I think China intends to maintain 'one country, two systems,' " Mr. Shaw said. But over time, he said, Beijing will put more emphasis on the "one country" part of the equation.

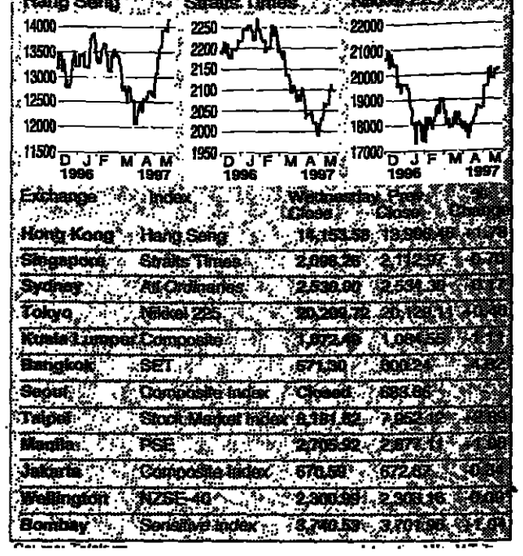
■ Finance Chief to Run Fund

Tung Chee-hwa, the chief executive-in-waiting of Hong Kong, named the territory's top financial official to manage the $15 billion Land Fund as of July 1, Bloomberg News reported.

The official, Hong Kong's financial secretary Donald Tsang, said he would not change the investment strategy of the fund, which will be incorporated into Hong Kong's fiscal reserves but managed separately from its foreign-exchange reserves.

Including the Land Fund, the government being set up by Beijing in the territory will have more than $77 billion in reserves.

Investor's Asia



Exchange	Index	Wednesday, Prev. Close	Close	Change
Hong Kong	Hang Seng	14,153.38	13,998.72	-154.66
Singapore	Straits Times	2,088.26	2,112.57	+24.31
Sydney	All Ordinaries	2,530.00	2,534.30	+4.30
Tokyo	Nikkei 225	20,264.78	20,150.11	-114.67
Kuala Lumpur	Composite	1,072.47	1,064.58	-7.89
Bangkok	SET	671.30	660.24	-11.06
Seoul	Composite Index	Closed	693.86	
Taipei	Stock Market Index	6,181.82	7,052.06	+870.24
Manila	PSE	2,705.92	2,677.01	-28.91
Jakarta	Composite Index	670.58	672.65	+2.07
Wellington	NZSE-40	2,300.98	2,308.16	+7.18
Bombay	Sensitive Index	3,740.53	3,710.96	-29.57

Very briefly:

- **Sony Corp.** confirmed it would join **Fuji Television Network Inc., Softbank Corp.** and **News Corp.** to become equal partners in the **Japan Sky Broadcasting Corp.** satellite-TV venture. The venture plans to offer 150 channels beginning next April.
- **Japan's** current account surplus shrank 17 percent in March from a year earlier, to 1.03 trillion yen ($8.7 billion).
- **Japan Paper Industry Co.** and **Jujo Paper Board Co.** will merge to form **Japan Paperboard Industries Co.**
- **Chiwan Wharf Holdings Co.** of China and Hong Kong-based **American Consolidation Services Ltd.** formed a venture with **Shenzhen Sungang Warehouse Holdings Co.** to build a $27 million cargo warehouse in Shenzhen.
- **Revlon Inc.** of the United States, opening a plant in Shanghai, its first factory in China, said it planned to sell its lipstick, skin cream and perfume in 1,000 stores in China by 2001. Its products are sold in 150 outlets in China now.
- **China** reported 18,181 industrial accidents in 1996, down 13.5 percent from 1995, the Labor Ministry said. A total of 17,231 people died in the accidents. *AP, Reuters, Bloomberg News*

Japan Failure Hits North Korea

Compiled by Our Staff From Dispatches

OSAKA, Japan — North Korea suffered an indirect economic blow Wednesday when Japan ordered the merger of five credit unions run by ethnic Koreans from the North so they could bail out a sixth thrift with similar ties.

Regulators will merge credit cooperatives in Wakayama, Nara, Shiga, Hyogo and Kyoto prefectures into one institution to absorb the ailing Chogin Osaka Credit Cooperative. The newly formed Chogin Kinki Credit Cooperative will have total deposits of 943 billion yen ($7.89 billion).

Unrecoverable loans at Chogin Osaka, which like the other five credit unions is run by North Korean residents in Japan, are estimated at 200 billion yen, based on the Osaka prefectural government's financial assessment.

Executives of Osaka Chogin will resign to take responsibility for the thrift's troubles, according to the Osaka government. The thrift failed to meet a demand made by the Osaka government March 14 that it draw up a plan to improve its position.

Although there is no direct link between the failed credit union and North Korea, ethnic Koreans in Japan are believed to be the largest source of hard currency for the Stalinist state, which is on the brink of famine after two years of devastating floods and decades of economic decline.

According to South Korean estimates, the North Korean economy shrank for the seventh consecutive year in 1996.

The credit union's failure was blamed mainly on problem loans that ballooned after Japan's asset bubble burst in 1990.

Supporters of North Korea, estimated at about one-third of Japan's 666,000 ethnic Koreans, are believed to funnel their assistance to the North through the General Association of Korean Residents in Japan, Pyongyang's de facto embassy.

Signs emerged last year that one key source of North Korean funding — from the pachinko business — was drying up as mainstream Japanese companies muscled in on what was once a preserve of ethnic minorities. Pachinko is a pinball-like gambling game.

The North Korean community's pachinko interests generate a subsidy to Pyongyang of about $550 million a year, Japan's Public Security Investigation Agency has estimated.

The pachinko money constitutes a significant portion of the $1.8 billion to $2 billion that Japanese and Western intelligence officials estimate that Korean residents in Japan remit to Pyongyang annually.

Analysts say subsidies from Koreans in Japan who are friendly to the North are probably the Pyongyang government's largest foreign-exchange source.

(Reuters, Bloomberg)

Air-India Ponders Planes

Airbus and Boeing Chase Potential $2 Billion Order

Agence France-Presse

NEW DELHI — Air-India directors will meet Thursday to choose between Airbus Industrie and Boeing Co. in its ambitious $2 billion fleet-expansion plan, executives said Wednesday.

McDonnell Douglas Corp. of the United States is also in the race to sell 23 medium-capacity, long-range planes to Air-India, but experts say the real competition is between Boeing and Airbus.

An Air-India spokesman said any decision made at the meeting here would be announced at a news conference.

Airbus is trying to sell its latest A340s, while Boeing has offered its 777 model. Air-India has a total fleet of 31 planes, 11 of them Airbuses, and wants the 23 new planes delivered by 2013.

Boeing initially said its 777 was larger than its rival and its operating cost was 10 percent lower than the A340s, while the European consortium said its aircraft had longer range.

"They are evenly balanced and well matched," a top Air-India executive said of the race between the two plane manufacturers.

Industry specialists say Air-India has been advised to float a $285 million public issue to help finance its project, but both Boeing and Airbus are reported to have offered to finance as much as 85 percent of the cost of their planes.

India's aviation minister, C.M. Ibrahim, this month promised "total transparency" in handing out the Air-India contract.

The Air-India board has been told to prepare a seven-year program to improve the financial health of the national carrier, which lost $66 million in 1996 and is expected to lose $70 million this year.

Exports Propel China's Surplus

Compiled by Our Staff From Dispatches

BEIJING — China reported a trade surplus Wednesday for the first four months of 1997 of $10.3 billion, wiping out a year-earlier deficit of $700 million with a surge in exports and a weakening of imports.

Exports jumped 26.9 percent, to $50.3 billion, while imports fell 0.5 percent, to $40 billion, the China Daily reported. Total trade gained 13 percent, to $90.3 billion, it said, and Japan, Hong Kong and the United States remained the top trading partners.

The surplus is likely to aggravate tensions over Chinese trade policies. The United States and European Union want Beijing to open its markets as a condition for joining the World Trade Organization. *(AP, Bloomberg)*

STORE: *Can Nordstrom Climb Out of All Its (Regional) Holes?*

Continued from Page 13

to get them to go for new ideas, and they are slow, which is bad because fashion is a fast-changing business. You have to be quick to get on board."

Even designers who admire the company's regional buying talent are often puzzled. "You have to wonder why, for example, Dallas is not buying linen at a certain time of year but Oregon is," said David Dart, president of his own fashion company in Los Angeles. "It doesn't make sense."

Mr. Nordstrom said that one of the tasks needed to freshen the stores had contributed to last year's earnings troubles. The company suddenly decided to shuffle women's clothing around. It was an attempt to sharpen the look of departments arranged by the presumed lifestyle of shoppers — not by price, as in most department stores. But it sprang on sales clerks the unwelcome task of peddling merchandise they knew nothing about.

A visit this week to the store at the Westchester Mall in White Plains, New York, left an infrequent Nordstrom shopper with the sense that only those in the Nordstrom know could figure out exactly where to find their favorite designers. Rather than career or sportswear categories, the women's clothing departments are called things like "savvy" or "individualist"; youthful vendors like Blue Fish are mixed in with more established designers like Eileen Fisher.

Even devoted Nordstrom shoppers can be flummoxed. "Their fashion and service are exactly to my liking," said Ann Hagmann, a lawyer from Greenwich, Connecticut, who was cruising the store. "But I do like the layout and the presentation of the designers better at Neiman's."

Regional buyers, meanwhile, have missed out on fads that swept the country with such force that regional tastes were irrelevant. "When you are buying for Utah, you live and breathe it, and you see what is selling, but that may also limit your focus," said Paula Schneider, sales manager for BCBG, a women's clothing company.

For example, most of Nordstrom's buyers missed a rollout by Polo Ralph Lauren of a new line of casual sportswear. "Buyers were waiting around for someone to tell them to go for it," Mr. Nordstrom said, "so it fell through the cracks."

Or consider Beanie Babies, the vexing little dolls that no store can seem to get enough of. A buyer for Nordstrom in Chicago, where the toys had their debut, caught on to the trend early, but by the time the rest of the regional buyers decided they too wanted the beanbags, the manufacturer was back-ordered.

Likewise, Nordstrom was caught short at the height of the craze for Nike sports apparel last year — probably, Mr. Nordstrom said, because Nike was either confounded or overwhelmed by the flurry of orders it was getting from various Nordstrom buyers.

That episode, he said, underscored the weaknesses in the company's decentralization strategy. While he has no intention of abandoning it, Mr. Nordstrom suggested that it could be modified.

"There are situations that warrant us doing whatever we can to get product to the customer," he said. "If it takes us writing one order to get better shipping, we'll do it."

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2. Auditors' Reports.
3. Approval of the Consolidated and Parent Only Financial Statements for the year ended December 31, 1996.
4. Appropriation of 1996 net income of the parent company.
5. Discharge of Directors and Auditors.
6. Directors' and Auditors' fees for 1996.
7. Election of the members of the Board of Directors.
8. Authorization to the Board of Directors to repurchase Company's shares.

In order to be able to attend the ordinary general meeting, holders of bearer shares will have to deposit their bearer shares five clear days before the date of the meeting at the Registered Office of the company or with one of the following banks:

- in Luxembourg: Banque Internationale à Luxembourg;
- in Italy: All the leading banks;
- in Switzerland: Crédit Suisse, Banca Commerciale Italiana;
- in France: Lazard Frères & Cie.;
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- in Great Britain: SBG Warburg, Lazard Brothers and Co.;
- in the Netherlands: ABN-AMRO Bank;
- in Belgium: Banque Bruxelles Lambert.

Every shareholder may be represented at the shareholders' meetings by a proxy, who need not himself (herself) be a shareholder.

Shareholders may, on and after May 26, 1997, inspect at Banque Internationale à Luxembourg, 69 route d'Esch, the reports of the Board of Directors, the annual financial statements and the text of the proposed resolutions.

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(Continued)

Private Banking

Savvy Young Investors Bring Changes to Asia

Demands for New Services Challenge Old Ways

By Philip Segal

HONG KONG — Private banking has never been a high volume business, but seldom have the waiting rooms at Hong Kong's private banks been as empty as they are these days.

Not that business is slow, just highly competitive. As private banking margins shrink, bankers now tend to come to you, often after making a cold call or mostly getting a tip from an existing client. The days of waiting for millionaires to step up and ring the bank's doorbell are over.

What is not new is the potential for private bankers in the region, which is the reason so many are flocking to offer services in Asia. "By 2000, Asia will be the largest private banking market in the world," predicted Jim Hildebrandt, managing director of the managment consultancy Bain & Co. (Hong Kong).

Of the 20 percent of the assets in Asia that are liquid, about half are in private banks, he said. Happily for the region's bankers, the profiles of their clients are changing, as the first generation of Asia's wealthy give way to a new generation more comfortable with assets other than cash and real estate.

The rise of this new generation has made for big challenges. Often, the younger investors are as savvy as their bankers since they may have worked for a time at a big bank in the United States or Europe following their university studies. Also, bankers are asked increasingly to structure client portfolios to include trusts, a vital tool in mitigating estate taxes and in protecting children in high-tax countries from paying double or triple the 15 percent income tax rate in Hong Kong.

That job is harder than it sounds. The idea of signing personal wealth over to a trust is too much for many clients to bear. After all, Hong Kong is a city where the wealthy distrust banks to such an extent that they will hold truckloads of stock certificates in their homes or offices rather than put them in a bank vault in the Channel Islands. Clients here spread their wealth around three or four different private banks, unlike in Europe where families may stay with a single private banker over generations.

As a result, it is the children of the wealthy who are pushing the trust business forward.

"It's the kids who have been to MIT to an extent who are driving this. For traditional Chinese families these issues wouldn't be thought about," said David White, director of Trust and International Private Banking at MeesPierson. "But it's the kids who stand to lose because they are the ones who are going to see the estate dissipated in taxes," he said, if there is no trust in place.

While not as profitable as other kinds of services, trusts are an essential part of any private bank's product range. This portion of the business has recently become much more competitive, said Peter Hodson, who runs the trust division in Hong Kong for Bank of Bermuda. The problem? Many of the new entrants have never written a trust deed in their entire corporate existence, he said, singling out certain banks from Germany and France.

Most bankers agree that any institution rushing to set up in Hong Kong to take advantage of 1997 jitters will probably be disappointed. According to Mr. Hodson, the late 1980s were the boom years for pre-emigration tax planning, although in the run-up to the handover to China, there has been a marked shift in Taiwan's private banking business from Hong Kong to Singapore, said Stuart Adam, managing director at Julius Baer Investment Advisory (HK) Ltd.

Hong Kong is a center for private banking from the Philippines and Taiwan, but the one subject private bankers still do not like to discuss is China, and many banks say they will not touch mainland Chinese money. That is because if a mainland citizen, particularly a public official, walks in off the street with $10 million, the chances are excellent that not all of that money was acquired legally, said one banker.

As elsewhere, Asia is seeing two kinds of private bank rapidly emerge: the global superbank that can offer all services under one roof, and the more traditional "relationship" sort of bank, often small, almost always European.

"The first generation of wealthy people valued security and secrecy, and they automatically associated secrecy with Swiss banks," said Edward Sy, Citibank Private Bank's Hong Kong country head. "The second generation are more educated, more demanding. They have been exposed to Wall Street and are looking for performance rather than relationships."

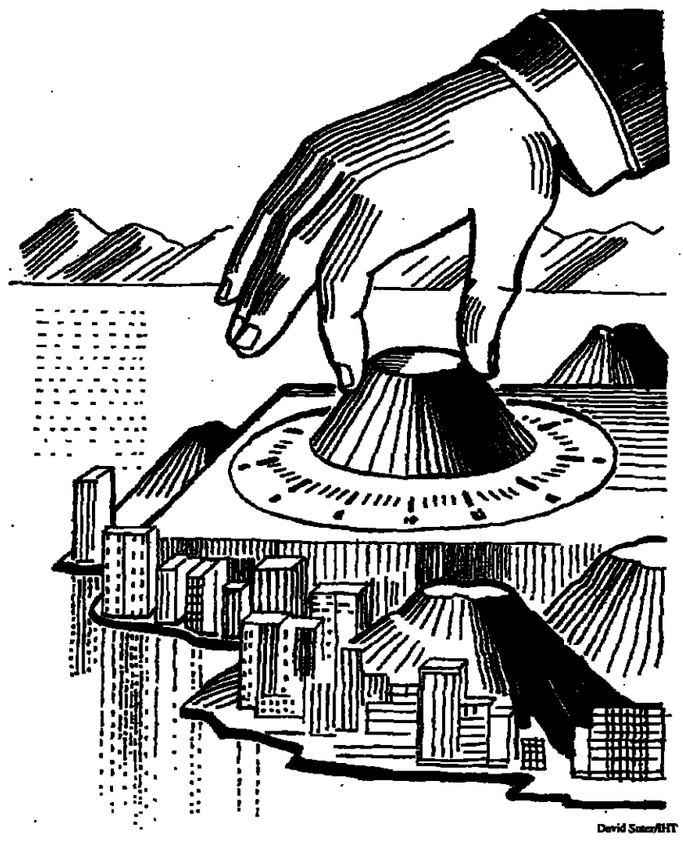
According to Chase Manhattan, these clients want to mix private banking with their business. "A client in the private bank needed a minority partner for his business. I met his need. Now he's happy and now he's giving me some of his wealth to manage," said Georges Vergnion, managing director for Europe, Middle East and Asia Pacific for the Chase Private Bank.

The global supermarket banks, however, have come in for criticism. Often, for example, a client will deal with a private banker who handles more than 100 other customers. At the larger Swiss banks and the smaller European institutions, that ratio might be 30 to 40 clients to one private banker.

Also, some clients can feel pressured by a huge institution that might be reluctant to look hard enough for the best prices, even if that means going outside the banking "family" for mutual funds or hedging products.

"I've found it hard to get bankers to help you put money in an institution

Continued on Page 20



David Sazer/IHT

Swiss Caught Off Guard By Shift in Client Needs

A Struggle to Catch Up With Competitors

By Erik Ipsen

LONDON — After decades at the top of the gilded heap, the big three Swiss private banks suddenly find themselves facing unprecedented challenges from all sides at a time when they can least afford it.

"They are under threat and they know they are under threat," said Michael Maslinski, a London-based private banking consultant. "The one thing that is certain is that they will be unable to maintain their market share."

A shift of client tastes away from traditional Swiss strengths of security, stability and secrecy toward actual investment performance has hurt. Similarly, a growing preference of the world's wealthy to have their funds managed at home rather than offshore have put the Swiss at a rare disadvantage, especially as "home" in the fastest-growing private banking markets means Asia and Latin America — places where the Swiss have nary a toe in the water.

For the big three — Credit Suisse, Swiss Bank Corporation and the Union Bank of Switzerland — these challenges come at a parlous time, a time when massive property-related losses in their Swiss domestic operations have rendered them unusually dependent on their private banking revenues.

For the first time, the three big Swiss banks revealed this year just how much they earn from private banking. Long reckoned to be the core of their earnings, what stunned many observers was the degree of that dependency.

"What is surprising is how clearly it shows up in the numbers," said Christoph Bieri, an analyst with Zurcher Kantonalbank. In all three cases, private banking accounted for well over half of pre-tax profits.

Private banking has long had three crucial attractions for the Swiss. It is extremely lucrative — Credit Suisse calculates that the business has an average return on equity for the Swiss banks of a fat 40 percent. It is extremely regular, churning out steady profits in boom times and bad times. And it is virtually synonymous with the Swiss, who have 40 percent of the offshore market, by far the largest share of any nation.

The problem, says Mr. Bieri, is that the position of Switzerland is "not that unique anymore." The long drought in war and revolution in most parts of the world has dulled the appeal of the globe's most famous safe haven, leaving many clients perfectly content to keep their banking at home.

For the Swiss big three that is a problem.

Nearly 90 percent of the Union Bank of Switzerland's 270,000 private banking clients, for instance, have their accounts in Switzerland itself. And while that Swiss-based business continues to grow for all three of the big banks, all are well aware that the fastest growth in private banking is abroad, particularly in the on-shore banking markets of Asia and Latin America.

"If we concentrate on offshore activities, we would definitely cut ourselves out of opportunities in domestic markets, which are huge," said Antoni Stankiewicz, who heads private banking in Switzerland for UBS. "Our response is a clear emphasis on building up a local capability in the international on-shore market."

It will be a long haul. None of the big three has any branches in Latin America, and in Asia none has more than two. Even branching out in their backyard of Continental Europe ranks as a recent and still rare phenomenon.

With so much catching up to do, it comes as no surprise that all three big Swiss banks now talk openly of acquisitions as a means to accelerate the growth of their business abroad. Last year, for instance, Swiss Bank Corporation bought the largely Asian private banking business of Standard Chartered Bank.

Continued on Page 20

Global Private Banking

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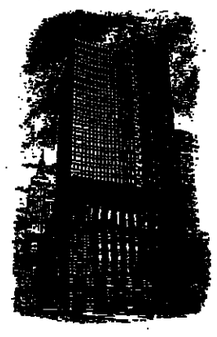

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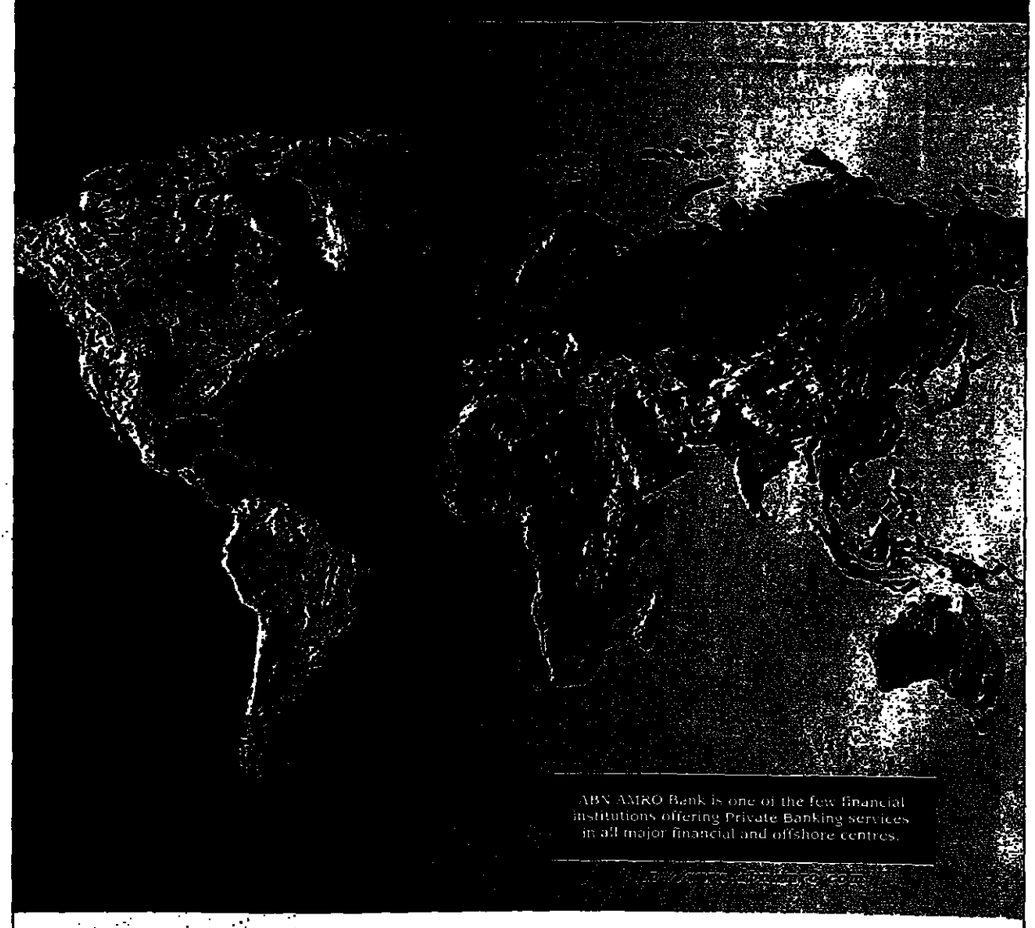

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Private Banking

Q & A / J. Michael Giles, Chairman of Merrill Lynch Private Banking Group

Clients Are Becoming 'More Sophisticated and More Demanding'

J. Michael Giles is chairman of London-based Merrill Lynch Private Banking Group, the highly successful and closely watched seven-year-old effort by America's largest brokerage house to break into the broader world of international private banking. In London he spoke with the International Herald Tribune's Erik Ipsen:

Q. You recently hired Gemini Consulting to produce a report on private banking. You found that the world's 6 million (dollar) millionaires now have $17 trillion in assets and predicted that Asia would replace North America as the second largest private banking market by the year 2000. Beyond that did you find that much had changed since your first survey nearly a decade ago?

A. Actually we found that the growth in the market had actually accelerated, from 8 percent in our survey in the late '80s to 10 percent now. Beyond that, we noted a drop in the share of the offshore private banking market held by the Swiss over that same period, a drop of around 5 percentage points.

Q. What do you see behind that decline?

A. As much as anything else, we attribute it to the time-zone factor. The fastest-growing markets have been the Latin American markets and the Asian markets. The survey, for instance, showed the Caribbean growing much faster than Switzerland as a private banking center.

•

Q. Is Switzerland destined then to relinquish its long dominance of the market?

A. I think that Switzerland still remains very important in the minds of investors. It has a history of stability. It has a cachet. And it enjoys the position in many investors' minds as the first place where they would really consider investing. None of that is going to go away easily. In addition, there is a lot of infrastructure and expertise there.

Q. A number of senior Swiss bankers have said that they now view the likes of yourselves, Morgan Stanley and Goldman Sachs as their most direct global competitors. What are the origins of your entry into this market?

A. Beginning in 1990, we adopted a completely different strategy, moving away from a U.S. broker to being what we call a private bank with a particular strength in securities.

It sounds rather simple. As a U.S. broker, we were serving a rather narrow set of client needs in terms of products and services. They were U.S. dollar. They were brokerage. And they tended to be transactional. So by definition we were missing a much larger share of client needs.

When we said we are a global private bank who really understands securities and investing and products and services across those markets, then we are obviously looking at a far larger share of client wealth and needs.

Q. What is the scale of your banking operation?

A. Thus far we have converted seven branches to private banks within Europe. We would hope to convert another four brokerage offices within the EU in the next year or two. In addition, we have offices in Austria, Switzerland, Singapore, Bahrain, the Isle of Man and in the Cayman Islands.

•

Q. Is your success part of investors' increasing affection for equities, given the bull markets of recent years?

A. Clients everywhere in the world are increasing in sophistication and knowledge about the investment process which means that the idea of passive investing, of giving money to your Swiss bank and saying I'll come back and visit it next year — to more and more investors that is just not as attractive as it once was.

Q. What remains highly attractive is the private banking business itself?

A. Returns on equity for good private banks in the 20 percent plus range are not unusual.

Q. By some accounts there are something like 200 private banks currently being formed around the world. Will all that competition collapse your margins?

A. It certainly doesn't make life easier. But it is very hard to generalize among the newer entrants. The ones who are possibly more of a challenge for us are those who are not trying to be full-scale, all-encompassing private banks, but who may be providing a single capability that is very distinctive and first class, such as someone particularly good at European private equity deals. In terms of global players, there are only a handful in private banking and their overall market share remains very small.

Q. Private bankers traditionally excel at nurturing relationships with their clients, right down to walking their dogs and getting those hard to find theater tickets. Can you compete on that end?

A. We see clients are becoming more knowledgeable, more sophisticated and therefore more demanding — in global investing, relative investment performance, and in terms of service. I don't necessarily define service as dog walking and theater tickets. It is a rather outmoded concept. Yes, we are happy to get theater tickets.

Q. You draw the line at dog walking though?

A. Not for you perhaps. Seriously though, for us it is service in a different dimension, truly trying to meet the clients' needs in the amount and quality of contact the private banker has with clients. Eventually, I want our private bankers to be able to sit in a client's office and to be able to call up on our own inter- and intranet services client portfolios and analyze them. That is the kind of service that I think will be required in the future. It should come in the next two years.

In Competitive Field of 'Wealth Managers,' Performance Is What Matters

By Conrad de Aenlle

LONDON — The first concern among prospective account holders at private banks used to be how safe and secret their money would be. Now, after 15 years of rising share prices around the world, their interest is focused on how large their returns will be.

To attract customers and keep them happy, private banks can no longer rely on presenting an image of being members of an exclusive club. They are forced to race in a fast and much more crowded field of institutions — retail brokerages, fund management companies, investment banks — that can provide strong asset growth with personal service and reasonable costs.

"Performance is becoming a big issue," said Chris Wheeler, European sales and marketing executive for Guinness Flight Global Asset Management. "Before, an old man would come in to discuss performance for half an hour with his banker, then they'd go out to a fine restaurant. Now younger clients spend three or four hours discussing asset allocation, then they order out for sandwiches."

There is more to discuss than there used to be. One of the reasons returns have grown is that the universe of possible investments has mushroomed since the early 1980s to smaller, faster-growing companies in traditional markets and smaller, faster-growing countries in the developing world that have opened their stock and bond markets to foreigners.

Following those markets requires high-priced analysts and specialist portfolio managers that smaller banks cannot hire without driving their fees up, an unthinkable option in a business like investment management in which competition is stiff and charges are falling, even as service and results improve. Many fund managers and brokerages not only provide asset management but are adding services to cater to wealthy individuals, squeezing private banks into a tinier niche.

"Fund companies directly can do it cheaper," said Ian Orton, editor of the industry newsletter Private Banker International. "They are actually like private banks. The business of private banking is being carried out by much bigger institutions than the ones that call themselves private banks."

Rather than trying to beat them — a battle they would certainly lose — the smaller banks are contracting with outside managers that are specialists in a particular region or type of investing.

"There aren't many private banks that will actually do all of those things," Mr. Orton said. "It's really a myth, the whole notion of a one-stop private banking supermarket, as opposed to a more specialist institution that goes for one or others of these services."

The trend is toward the "virtual private bank," he said. "Basically the bank doesn't provide anything other than advice; it becomes a facilitator. If you're not restricted by having an in-house asset management service, you're suddenly liberated to take advantage of the best managers available."

PIERRE Mirabaud, a partner at Mirabaud & Cie., a Geneva private bank, has followed such a philosophy for 15 years. "We have been delegating asset management power to third parties through a multi-adviser approach, with managers who have to meet three criteria," he explained. "They must have their own money along with ours, they have to be paid mainly through performance fees, rather than through a fixed fee, and they have to add skills or knowledge that we don't have in Switzerland."

The value added by his bank, he said, is in "picking out managers, monitoring them, also giving our clients access to managers. Many funds are closed or they ask for minimum amounts that are quite high; they may not be available to a client with $1 million."

Private banks that are divisions of large institutions generally prefer to keep asset management in-house, where they find they have all the tools they need. Private client managers at the mega-banks insist that they can accomplish their task better than smaller rivals because of the complex financial products concocted in other realms of their financial empires.

"The higher the asset base, the more complicated the person's requirements are," said Henry Gooss, chief investment officer for private banking at Chase Manhattan Bank. "One generalization about our more sophisticated clients is they often are institution-like in their behavior. Many innovations that start on our institutional side, we use in short order for our private clients."

Big banks like Chase especially covet nouveau riche business owners with complex financial affairs. Their needs are difficult to meet with conventional asset management products available elsewhere, a strong selling point that the banks use to tout their services.

"The growth of our business is in newly created wealth," Mr. Gooss said, "and that wealth is much more dynamic because it's usually first-generation and the principals who made the money are still active. . . . You may have a guy who owns a business in a certain industry that may take up most of his assets. We look at the business and use that to help him to decide how to invest his personal liquid assets."

Money entrusted to private banks may grow faster than money invested directly with fund managers, but how can anyone tell? Because private banks do not make public solicitations for investors' money, they escape much of the regulatory regime imposed on conventional funds which compels disclosure of investments made, fees charged and performance achieved.

"It is possible to set up a fund for a small number of expert investors that is not available other than by private negotiation with individuals, and there is no disclosure or performance requirement," said Diana Mackay, managing director for Europe of Lipper Analytical Services, an investment fund research firm. "But commercial logic dictates that customers will be putting a lot of money into these funds, so they will demand some sort of performance history."

Banks' internal funds and customer accounts are independently audited, so clients will always know where they stand. Before opening their accounts, however, they must depend on the performance history the banks choose to show them.

"They may pick dates that give a brighter performance picture," Ms. Mackay said. "All your figures are absolutely accurate, but the slice you give can give a different picture. That's why some sort of independent measure, and a measure against benchmark indices, is valuable.

"If you put $1 million with a fund manager and $1 million with a private bank, it would be interesting to see where you would do better," she added. "Of course, first you'd have to have $1 million."

CONRAD DE AENLLE writes about finance and investment from London.

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Fir Ian Rahman/Agence France-Presse

Swiss Bank Corporation's trading floor at Suntec City in Singapore. Asia market is becoming vital for Swiss..

The Swiss Are Struggling to Catch Up

Continued from Page 19

For those private banking clients more frightened by tax collectors than revolutionaries, offshore banking still retains its attractions. But in attracting those clients the Swiss face increasingly tough and numerous competitors working out of other offshore centers such as Luxembourg and the Cayman Islands.

In the effort to line up new clients and to hold onto the old ones in increasingly competitive markets, the Swiss have struggled to shed the complacency that senior Swiss bankers concede grew up over the decades when Switzerland had no real competitors.

"We have changed our approach to be more pro-active, not waiting for the client to come to us," said Aldo Eloni, chief financial officer for Credit Suisse. "We are traveling out to visit clients more than we did in the past."

The Swiss are also struggling to augment their traditionally meager menu of financial products, one which in the past relied heavily on fixed income instruments. The shift by the Swiss into equities and even derivatives has come hand in hand with a new generation of client whose ambitions far exceed his forebearers' desire merely for capital preservation.

"Service is still number one for clients but performance is rising fast as number two," said Mr. Eloni. What the Swiss have discovered, however, is that it is one thing to put a priority on growing their clients' assets but it is another matter entirely to deliver on that promise.

It is a game played far longer and better by the investment banks, many of which have in recent years cast their nets into foreign markets in search of so-called high net worth individuals. Some, such as Merrill Lynch, have even gone so far as to reconstitute some of their overseas branches as fully fledged private banking operations.

To compete successfully against the likes of Morgan Stanley and Goldman Sachs, one senior Swiss banker concedes that his bank will require a major "skills upgrade," involving the recruiting of nothing short of what he termed "a whole new generation of private bankers."

Never before have the Swiss been pulled in so many new product and geographic directions in such a short span of time. That they are responding to the challenges is certain. Whether the wake-up call has come too late remains to be seen.

"They now know that they just can't sit there in Switzerland charging enormous fees and showing no results," said a London-based private banker. It's a start.

ERIK IPSEN is London correspondent for the International Herald Tribune..

Asia's Savvy Young Investors

Continued from Page 19

other than their own. They like to take the money and then lend it out themselves and thus hide their fee in the spread," said a client who like all others in a discussion about private banking chose to remain anonymous.

The big banks counter that they will farm out money if the customer requests it. Beyond that, they argue, the more active clients at a Swiss bank may resent having to wait until Zurich wakes up before they can get a price on trades. At a bigger bank, 24-hour global trading means clients can usually get a price at 9:30 A.M. Hong Kong time, and execute a trade before lunch.

PHILIP SEGAL is a financial journalist based in Hong Kong.

Amid Fears of Overheated Markets, Investors Look for Ways to Diversify

By Aline Sullivan

NEW YORK — Investing private assets when prices in many markets are hovering at record highs is no mean feat. Shares in the United States and much of Europe have soared as have real estate values in most developed countries. At the same time, low interest rates make bonds unattractive and savings accounts even more unappealing.

Private bankers have identified two forms of diversification appropriate for their clients: emerging markets and private equity funds. Neither should constitute more than 20 percent of an investment portfolio, the bankers warned, but each can provide a much needed alternative to what increasing numbers of investors fear are overheated markets.

Indeed, even the most conservative bankers are observing a marked change in their clients' perspective.

"Many of our clients plan to soon shift their equity assets out of the United States and Europe because prices are so high," said Urs Brunner, head of equity analysis at Credit Suisse Private Banking in Zurich. "Although our investors tend to be passive, we are conscious that more and more want to invest in emerging markets."

Credit Suisse recently developed a capital gains equity portfolio as an alternative to its income and balanced portfolios. This new portfolio has higher weightings in Europe outside of Switzerland and in the emerging markets of Latin America and Asia than its more conservative counterparts.

A similar shift in focus is already taking place in North America.

"All of our clients are concerned about the levels of the U.S. stock market and many have asked us to reduce our exposure," said Henry Gooss, chief investment officer for private banking at Chase Manhattan in New York. "But putting [these funds] into cash is not something we would usually do. Instead, we are advising them to become more diversified."

Chase Manhattan has reduced the exposure of its model equity portfolio for dollar-based private clients to the U.S. stock market by about 10 percent over the past year. Instead, the bank has increased its weightings in Latin America and Asia, apart from Japan.

All told, the United States constitutes 34 percent, Europe 39 percent, Asia 22 percent and Latin America the remaining 5 percent.

Emerging markets may be the obvious alternative to Wall Street and the European stock markets, but many bankers warn that they are too volatile and illiquid to represent a substantial proportion of an investment portfolio.

'All of our clients are concerned about the levels of the U.S. stock market.'

Gerald Larr, the New York-based chief investment officer of Britain's Coutts Group, said increasing numbers of clients want to hedge their portfolios against a possible downturn in the equity markets. Dollar investors are also concerned that their currency has peaked against the Japanese yen and the major European currencies, he said.

"We are offering these clients option-based products which allow them to participate to a limited degree if the stock market or dollar continues to rise but also protects them to some extent if values decline," Mr. Larr said. "There is no one formula. Instead, each product is structured for the individual client depending on his or her tolerance for risk."

Mr. Gooss suggested that shares in small companies may still be attractive. "Over the past 12 months, the S&P index [of leading U.S. stocks] has risen 20 percent, but the Russell 2000 [an index of small stocks] has remained flat," he said. "There is still some good value in these small and mid cap stocks."

Alternative investments, such as venture capital funds, offer a further route to diversification for some high net worth private investors. Donna Curry, first vice president and director of private advisory services at Merrill Lynch, noted that alternative investments are one of the fastest-growing asset classes. "Alternative investments are not correlated to major markets so they lower a portfolio's overall volatility while increasing returns," she said. "We are suggesting that about 20 percent of private client assets be invested in alternative investments."

MR. GOOSS agreed that there is a limited amount of diversification possible with stock market investments, even in emerging markets. "That is why we are putting more emphasis on investments which shouldn't move in sympathy with world equity markets," he said.

Alternative equity funds can be very tax advantageous for U.S. investors, pointed out Barry Sloane, head of private banking at Credit Suisse in New York. "We are not recommending any major shift in equity positions because we are still confident in the U.S. market," he said. "But for people who have reached their own level of discomfort, we do suggest a shift to private equity."

Merrill Lynch, Chase and Credit Suisse in New York all run alternative investment funds, ranging from private equity to hedging to distressed real estate. Credit Suisse funds invest in company restructuring ahead of stock market listings, partnerships between emerging markets and U.S. companies or simply provide venture capital in emerging markets. Clients must have at least $1 million to invest in a fund and that should account for no more than 10 percent of their total portfolio.

Merrill Lynch has 10 such funds available to its private clients, most of which require a minimum investment of $1 million pledged for five to 10 years.

Offshore investors with a bit less to spend may be able to participate in the $300 million Chase Multi-Strategy Fund. This fund is open to offshore clients with $250,000 to invest and, since April 1, U.S.-based clients with a further $5 million in assets. The two-year-old fund, which is run by 28 managers specializing in investments ranging from short selling to exotic markets, has generated a net average annual return of 17.1 percent.

ALINE SULLIVAN is a freelance journalist based in Greenwich, Connecticut.

Going After 'No Money' Class of Young Professionals

By Conrad de Aenlle

LONDON — The clientele of private banks has evolved from "old money" to "new money," and for some institutions, especially in Britain, it is becoming available to a new class of customer, "no money."

In a lucrative but increasingly competitive business, some banks are coming to think that the best way to achieve growth is to offer their services to clients without a fortune but with the potential to acquire one. The targets typically are young professionals, doctors not long out of medical school, say, who have started a high-income career but still may have nothing in the bank. In fact, they may have less than nothing, with an accumulation of student loans or a mortgage from a recently acquired first house.

Kleinwort Benson Private Bank, a division of the British investment bank that was acquired two years ago by Dresdner Bank of Germany, is one of the most aggressive solicitors of business from the "no money" class. The bank will begin a service in September aimed at customers earning a minimum of £50,000 a year, or about $80,000. It will offer the usual array of features: checking, credit cards, loans and so forth; more important, it will provide personal attention of the sort that is unavailable at large retail banks.

"We believe the best indicator to future wealth is present-day high income," said Stephen Renals, Kleinwort's marketing director, in explaining the rationale for the service. "We're seeking to give the high-income earner access to the same culture of relationships as in traditional private banking."

Such individuals "feel excluded," he said. "If you don't have assets of £200,000 or more, you can't get access to old-style private banking. We want to offer the same bespoke service if you only have £5,000 to invest."

The bank expects many of its clients to have even less. In handling their accounts, Mr. Renals said, the goal is to "manage debt and help them change over time from a banking relationship to an asset management relationship."

Kleinwort's keenness for furthering the prosperity of middle-class British youth stems from the realization that upper-class British youth — the ones who are rich or will be when their parents die — is already spoken for.

"Traditionally, especially in the U.K., private banking has tended to exclusively concern itself with individuals who are wealthy," he said. "The banks — the Couttses and Hoares and whatever — catered to the wealthy aristocracy. It's a very attractive market, but it's quite a small market. It's a good business for a bank to be in, but the market's got quite a lot more competitive.

"In the late '80s, we looked to see how we could expand in this market, and one of the things we found was that the biggest asset we had was our client base. Our competitors have a similar relationship with their client base, so movement within our peer group is minimal."

IT WOULD be even harder for a bank like Kleinwort, more widely known as an investment bank, to yank customers away from blue-blooded private banks like Coutts, banker to the queen.

"Anybody coming into this market is going to have to start looking for the potential rich rather than the ones who have already hit the jackpot," said Ian Orton, editor of the industry newsletter Private Banker International. "It's no exaggeration to say that hardly a month goes by without a new initiative being announced by an institution."

Banks in Britain are especially willing to be patient because of the mixed nature of wealth creation there. The U.S. economy is relatively easy to get rich in. In the less enterprising economies of Continental Europe, wealth is often inherited. Britain used to be like the rest of Europe but since the Thatcher years has shifted toward the U.S. model.

"The pattern of wealth has changed," in Britain in the last 20 years, Mr. Renals said. "Inheritance has become less important relative to people who are building up their own wealth."

Banks are anxious to get into private client management for two key reasons. The fee income can make it extremely profitable, and the profit is generated without risking a bank's capital. Rules adopted by the world's banks in the 1980s imposed tighter restrictions on lending, putting a premium on income derived from fee-based, off-balance-sheet activity.

Big international banks are less inclined to embrace so-called income-based accounts; many will still reject anyone who walks in with less than $1 million of investable assets. The reason is they see themselves first as investment managers.

"Our private bank is for people who have assets already," said Jo Wright, a spokeswoman for Barclays Bank. "Coutts is thought of as a red-carpet clearing bank. That's not what our private bank is all about. We're more interested in asset management. We're looking for assets to manage immediately, not in the future."

As private banking becomes more competitive, even a bank like Coutts, which has had so many rich clients, is taking on more ordinary clients who, it hopes, will possess tomorrow's wealth.

Gamma

British youth in the City. Banks are targeting up-and-coming achievers.

"They are a target for us because we're into building relationships with clients for the long term," said Emma Wheeler, a spokeswoman for the bank, a subsidiary of National Westminster Bank. "There are no set criteria in terms of assets. Our client base is changing a lot now from older, aristocratic wealth to the young achievers around the world: young investment bankers or young professionals such as barristers. In major financial centers around the world, there are people doing incredibly well, with enormous bonuses. They're good at making money but have no experience at handling it."

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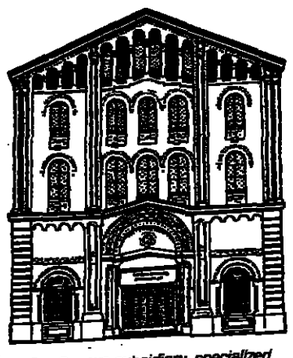

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WORLD ROUNDUP

Canadians Defeat Swedes for Crown

HOCKEY Owen Nolan of the San Jose Sharks had a goal and an assist as Canada beat the Olympic champion Sweden, 2-1, on Wednesday to win the world ice hockey title.

The victory capped a gritty comeback by the Canadians after they had lost the first game of the best-of-three final Sunday. It was their 21st world title, but only their second in the past 36 years.

The victory ended a frustrating string of second-place finishes for Canada that stretched back to the 1994 Olympics, won by Sweden in an overtime shoot-out.

Despite running into penalty problems in their earlier clashes with the Swedes, Canada continued to employ its familiar aggressive, hard-hitting style. Canada controlled the pace of the contest from the opening face-off and got rock-solid goaltending by Sean Burke of the Hartford Whalers.

Burke, who started every game in the Canadian net, collected the gold that had eluded him at the 1989 and 1991 world championships, when the team returned home with the silver medal.

Nolan, who was suspended for a game for his part in a brawl against the team from the Czech Republic, made his presence felt on the scoresheet, setting up the opening goal and scoring the second. *(Reuters)*

Wilander and Novacek Suspended Over Drugs

TENNIS Mats Wilander of Sweden, once ranked No. 1 in the world, and Karel Novacek of the Czech Republic were suspended from tennis for three months Wednesday after dropping their legal battle over drug tests that showed the presence of cocaine in their blood.

The International Tennis Federation said the pair had acknowledged the positive results of drug tests taken during the 1995 French Open. But the players said the cocaine had been unknowingly consumed.

The federation said the two players had been ordered to return all prize money earned at the 1995 French Open and since — amounting to $289,005 for Wilander and $185,765 for Novacek. *(Reuters)*

This Time, Rodman Flies Over the Hawks

Bulls Charge to 4-1 Series Victory

By Selena Roberts
New York Times Service

CHICAGO — The Bulls pulled out their eye-popping display, complete with bells, whistles and Dennis Rodman.

He was on the floor agitating, rebounding and scoring — of all things — far longer than usual before his late-game ejection. His contribution to a fourth-quarter surge might have saved Chicago from embarrassment. The defending champions had to liven up to prevent another comeback by the Atlanta Hawks and keep themselves on schedule for their seventh appearance in the Eastern Conference finals in nine years.

NBA PLAYOFFS

The Bulls are on their way again after taking Game 5, 107-92, on Tuesday night at the United Center, winning their second-round series with the Hawks, four games to one. The Bulls now can sit back and await the winner of the series between the Miami Heat and the New York Knicks, who lead it, 3-1.

"If it's the Knicks, we feel confident," Michael Jordan said. "It may go to seven games, but we feel confident. I think we're leaning toward gearing up for the Knicks until the Heat proves us wrong. It's always been an intense thing. But they've never been able to figure us out consistently."

It is hard to figure out the Bulls. Just when they start being the invincible ones again, they nearly let the Hawks sneak up on them — again.

Not about to disappear, the Hawks took advantage of the Bulls' second-half complacency. A 16-point Bulls lead at the half evaporated to seven points with 10 minutes left in the game. It was not Jordan — who was 9 for 23 with 24 points — but Rodman who gave his team the push.

And the irritated Hawks pushed back, literally. With the Bulls up 95-86, Rodman stole a defensive rebound from Dikembe Mutombo. An irked Mutombo retaliated a few seconds later by knocking Rodman down. Rodman bounced right up.

But with 2:44 left and the game safely in Chicago's hands, Mutombo and Rodman went at it again. So close to a clean night, Rodman was ejected for the second time in this series. Mutombo wasn't. "That was a miscall by Ken Mauer," said the Bulls' coach, Phil Jackson, referring to the official. "Mutombo was making the gestures. Mauer just assumed Rodman was. It was Dennis's reputation that got him thrown out of the game."

Suddenly, everyone is sticking up for Rodman. He had been blasted by his teammates and chastised by everyone else for being such a problem child in the playoffs. Just contribute, that's all anyone wanted. Forget the rest.

But before Rodman departed, he celebrated his 36th birthday by discovering yet another way of getting attention. Surely he had run out of gimmicks. He had tried everything from tight girdles to tell-all books, from multicolored hair to catchy tattoos.

So Rodman did what the flamboyant rebounder never does: He hit a 3-pointer in the first quarter. He was feeling touch in previously touchless hands. So he asked for the ball again, and he knocked down a 19-foot jumper, followed by an 11-footer.

He had seven of his 12 points in the span of a minute to help the Bulls close out the first quarter with a 33-27 lead. His seven points also equaled his minutes on the floor after being brought off the bench by Jackson, which has become a game-by-game move to test the water with the officials. This time, Rodman doubled his playing time in the playoffs, going 33 minutes before he was ejected.

"He gave us what we needed to win," said Scottie Pippen, who had been critical of Rodman's demeanor in the playoffs. "He got into Mutombo's head. He did what he set out to do."

Mutombo was a target the whole game. Almost four minutes into the game, Jordan dunked on the swatting 7-foot-2-inch Mutombo. Then Jordan did the Mutombo. Jordan wagged his finger in "no-no" fashion after the one-handed dunk, providing an exclamatory jab at Mutombo's claim that the 6-6 Jordan had never jammed on him.

The wag mimicked Mutombo's famous taunt after every blocked shot. And when the finger is pointed at a player and not the crowd, a technical is called. Jordan did not mind the technical. "Just wanted him to know I could still dunk on him," Jordan said.

In other playoff action, The Associated Press reported:

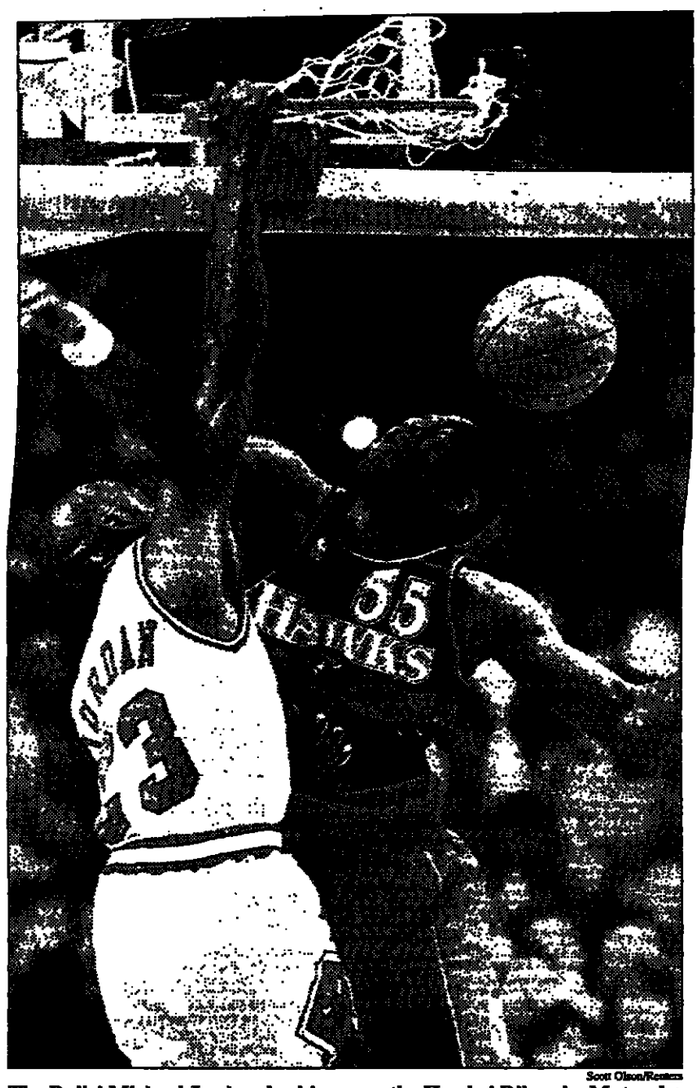
SuperSonics 100, Rockets 94 Seattle found a solution to Houston's sharpshooters just in time to stay alive in the playoffs. Hersey Hawkins had 23 points, including four 3-pointers, and Gary Payton did a defensive job on Matt Maloney to lead the Sonics to victory Tuesday night.

The Rockets still lead the series 3-2 and could end it in Seattle on Thursday night, but the SuperSonics feel good about returning home for Game 6.

"We did what we should have done at home," forward Terry Cummings said. "It was a gut check. We did a good job defensively and rebounding. For the first time this series, we concentrated on getting Hersey the ball and making Maloney work."

Until Tuesday night, Maloney and Mario Elie hitting effectively from 3-point range was enough for the Rockets to take a 3-1 lead. But they went cold on 3-pointers Tuesday night as Maloney was 0-for-6 and Elie was 0-for-5.

Payton scored 21 points and Shawn Kemp added 20 for the Sonics.



Scott Olson/Reuters

The Bulls' Michael Jordan dunking over the Hawks' Dikembe Mutombo in the first quarter. Chicago advanced to the next playoff round.

Steinbrenner And Yankees Are Ostracized Over Lawsuit

By Murray Chass
New York Times Service

CHICAGO — George Steinbrenner, the owner of the New York Yankees, who is suing every other team and every high-level official of Major League Baseball, has suffered a double-barreled blow.

Baseball's executive council has suspended him indefinitely as a member, and the law firm representing him in the lawsuit says it no longer will represent him.

The council, saying the lawsuit was a "blatant violation" of the Major League Agreement, also stripped the Yankees of membership on all committees on which the owner or any other official served.

"This is sad, and it's too bad," said Bud Selig, chairman of the council, which rules baseball in the absence of a commissioner. Steinbrenner was one of 10 members of the body.

The council, Selig said, did not discuss the possibility of suspending Steinbrenner from baseball.

"At this point, given where we are and given what's happened so far, we believe that is the appropriate action at this point in time," he said in response to a question about a general suspension. He emphasized the phrase "at this point in time."

In New York, meanwhile, Cravath, Swaine & Moore decided it would withdraw from its representation of Steinbrenner in the lawsuit it filed a week ago in Federal District Court in Manhattan. Samuel Butler, Cravath's managing partner, said details remained to be worked out, but he said, "There's no question we'll not continue to represent Mr. Steinbrenner in the matter."

Asked what details had to be worked out, Butler said, "We have to make sure Mr. Steinbrenner will have counsel satisfactory to him."

He did not explain the firm's decision, but it had a potential conflict in representing Steinbrenner because Cravath has long represented Time Warner Inc., parent company of the Atlanta Braves, one of 46 defendants in the suit.

Steinbrenner, joined by Adidas AG, the German sneaker and sportswear company with which the Yankees have a $95 million sponsorship deal, is suing on antitrust grounds, challenging the agreement that governs baseball's licensing and sponsorship business.

Selig announced the suspension Tuesday after a four-hour meeting in Chicago. The nine members of the council present discussed the matter for about an hour, one of them said, and Selig added that the vote to suspend was "very unanimous." Steinbrenner, he said, had not been invited to attend.

"Obviously," Selig said, "when you're discussing a matter like that, I would think recusal is logical. I don't think anyone would debate that."

Steinbrenner said Friday he had offered to recuse himself from any council discussion about the lawsuit, but the gesture was not enough for the council.

Howard Rubenstein, a spokesman for the Yankees, issued a one-sentence statement following the council's action: "The lawyers for the New York Yankees and Adidas are studying these actions and reserve all comment for now."

The council acted on the basis of the provision in the Major League Agreement, which all owners sign, that prohibits clubs from suing the commissioner. The council serves as commissioner when the office is vacant, which it has been since the owners ousted Fay Vincent in September 1992.

Clubs, however, have sued commissioners and not been disciplined.

The most recent to do so was the Tribune Co., owner of the Chicago Cubs, which sued Vincent earlier in 1992 over his realignment of the divisions in the National League. The Tribune Co. was not a member of the executive council at the time.

Vincenzo Pinto/Reuters

Scott Draper of Australia celebrating his 7-6 (7-4), 5-7, 7-5 victory over Thomas Muster of Austria at the Italian Open in Rome on Wednesday.

Muster Wilts on Clay as Draper Wins

The Associated Press

ROME — After a three-hour marathon on clay, Thomas Muster usually is the last man standing. Not this time.

Once nearly invincible on clay, Muster couldn't cope Wednesday with the scorching heat and gutsy play of Scott Draper at the Italian Open.

Muster, the third seed and two-time defending champion, was treated for severe dehydration after his 6-7 (7-4), 7-5, 5-7 defeat — the Austrian's fourth straight early-round exit on the surface he once dominated.

"He suffered from hyperventilation and loss of body salts," an ATP spokesman, Nicola Arzani, said. "He can barely speak, but he is out of danger. The doctor has ordered him to rest."

The match, played under a blazing sun with temperatures reaching 90 degrees Fahrenheit (32 degrees Centigrade), turned into a battle of attrition. Both players were clearly tired in the second set, and by the middle of the third, Muster was bending over between points to catch his breath.

Draper, ranked 75th in the world, is accustomed to the heat and humidity of his native Queensland, Australia, and coped better with the conditions, keeping up the pressure until Muster finally ran out of steam.

"I love the heat and can handle it better than most people," Draper said. "That certainly was in my favor today." But he still was amazed that he had outlasted a player renowned for his fitness and willpower.

Muster's exit followed Tuesday's first-round elimination of top-seeded Pete Sampras and second-seeded Michael Chang.

Fifth-seeded Richard Krajicek, who lost to Muster in last year's final, joined the exodus Wednesday. He lost 7-6 (8-6), 7-6 (7-1) to Marc-Kevin Goellner of Germany.

The only one of the top five seeds remaining is No. 4 Yevgeni Kafelnikov, who outlasted Paul Haarhuis 7-6 (7-5), 3-6, 6-3.

Also advancing were No. 6 Goran Ivanisevic, No. 7 Marcelo Rios, No. 8 Carlos Moya and No. 12 Boris Becker — all in straight sets.

■ Graf Victorious Again in Berlin

Steffi Graf continued her return to the women's tennis tour in fine fashion, taking less than an hour to rout Ruxandra Dragomir of Romania, 6-3, 6-2, to reach the quarterfinals of the German Open, The Associated Press reported from Berlin.

The top-seeded Graf, seeking her 10th title at the $927,000 event, lashed a backhand winner down the line to close out the match in 54 minutes against the 15th seed. It was a big improvement over her shaky victory Tuesday against Chanda Rubin, her first since returning from a three-month layoff caused by a knee injury.

"I was nervous and uncertain yesterday — that wasn't the case today," said Graf, who lost her No. 1 ranking to Martina Hingis during her layoff.

The No. 2 seed, Jana Novotna, advanced to the third round, while No. 3 Lindsay Davenport became the first big-name loser at the event, which began with 16 of the world's top 20 players. Sandrine Testud of France beat the American, who fended off three match points before falling 7-6 (11-9), 7-6 (9-7).

Graf appeared rusty and erratic in her three-set victory Tuesday over Rubin, a hard hitter who plays for the big points. But against Dragomir, a baselining clay-court specialist, she found her rhythm, proving she still has the hard serve and formidable forehand that have made her a seven-time Wimbledon champion.

"You can't compare the two matches, because the opponents are so different," Graf said. "Today I had more time to get ready for points."

While most seeds advanced Wednesday, two were forced to withdraw with injuries. No. 11 Brenda Schultz-McCarthy of the Netherlands pulled a hamstring against Sabine Appelmans of Belgium, and No. 9 Karina Habusdova of Slovakia pulled out of her match with Gloria Pizzichini of Italy with stomach problems.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Baltimore	25	11	.694	—
New York	22	16	.579	4
Toronto	19	17	.528	6
Detroit	16	21	.432	9½
Boston	15	21	.417	10

CENTRAL DIVISION

	W	L	Pct.	GB
Milwaukee	19	15	.559	—
Kansas City	18	17	.514	1½
Cleveland	18	18	.500	2
Chicago	14	21	.400	5½
Minnesota	15	24	.385	6½

WEST DIVISION

	W	L	Pct.	GB
Seattle	22	15	.595	—
Texas	20	15	.571	1
Anaheim	16	19	.457	5
Oakland	15	24	.385	8

NATIONAL LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Atlanta	26	12	.684	—
Florida	22	16	.579	4
Montreal	19	16	.543	5½
New York	20	18	.526	6
Philadelphia	14	23	.378	11½

CENTRAL DIVISION

	W	L	Pct.	GB
Pittsburgh	19	18	.514	—
Houston	20	19	.513	—
St. Louis	16	21	.432	3
Chicago	11	25	.306	7½
Cincinnati	11	25	.306	7½

WEST DIVISION

	W	L	Pct.	GB
San Francisco	22	13	.629	—
Colorado	22	14	.611	½
Los Angeles	20	15	.571	2
San Diego	14	21	.400	8

TUESDAY'S LINE SCORES

AMERICAN LEAGUE

Seattle 000 000 002—2 3 0
Milwaukee 001 000 000—1 6 0
Ra.Johnson, Charlton (9) and Da.Wilson; J.Mercedes, Wickman (8), Fetters (9) and Matheny. W—Ra.Johnson, 5-1. L—Fetters, 1-1. Sv—Charlton (9).

Baltimore 023 020 000—7 13 0
Oakland 020 001 000—3 7 0
Mussina, Orosco (7), Ta.Mathews (8) and Hoiles; Mohler, S.Montgomery (3), Groom (6), Wengert (8), A. Small (9) and Mayne. W—Mussina, 5-1. L—Mohler, 0-5. HRs—Baltimore, Surhoff (4). Oakland, Mayne (2).

Toronto 000 000 000—0 4 1
Detroit 210 000 10x—4 7 1
Guzman, Spoljaric (1), Quantrill (5), Crabtree (7), Plesac (8) and Santiago; Lira and Casanova. W—Lira, 2-2. L—Guzman, 3-3. HRs—Detroit, Hamelin 2 (2).

Boston 000 000 000—0 2 0
Kansas City 160 020 00x—9 15 0
Sele, Wasdin (2), Grundt (5), Borland (6), Corsi (8) and Hatteberg; Belcher and M. Sweeney. W—Belcher, 5-3. L—Sele, 4-2.

New York 100 117 010—11 15 1
Minnesota 110 000 000—2 11 0
Cone, Lloyd (8), Stanton (9) and Girardi; Robertson, Jarvis (6), Trombley (6), Ritchie (7), Guardado (8), Naulty (9) and Steinbach, G.Myers (7). W—Cone, 5-2. L—Robertson, 3-2. HRs—New York, Martinez (15), B. Williams (7).

Cleveland 000 301 003—7 12 2
Texas 012 000 00x—3 8 1
Ogea, Kline (7), M. Jackson (7), Assenmacher (8), Mesa (9), Mannan (9) and S. Alomar, Borders (9); Oliver, Whiteside (6), X.Hernandez (9), Vosberg (9), Patterson (9) and L.Rodriguez. W—Ogea, 3-3. L—Oliver, 1-4. Sv—Mannan. HRs—Cleveland, M. Williams (10), Texas, J. Gonzalez (3).

Chicago 201 000 031—7 11 1
Anaheim 007 000 10x—8 13 2
Baldwin, L. Thomas (7), Karchner (8) and Kreuter; Langston, Holtz (7), P. Harris (8), D. May (8), James (8) and Laydin; Febregas (4). W—Langston, 2-2. L—Baldwin, 1-5. Sv—James (4). HRs—Chicago, F. Thomas (5).

NATIONAL LEAGUE

St. Louis 001 100 000—2 3 0
Philadelphia 000 000 02x—3 6 1
An.Benes, Painter (8), Mathews (8), Fossas (9) and Lampkin; Stephenson, Spradlin (8), Bottalico (9) and Parent; Lieberthal (8). W—Spradlin, 1-1. L—Mathews, 1-2. Sv—Bottalico (6). HRs—St. Louis, DeShields (2), Lampkin (2).

Houston 000 102 000—3 7 2
New York 102 000 10x—4 8 0
Hampton, R.Springer (7), R.Garcia (8) and Ausmus; Reynoso, McMichael (7), Franco (9) and Hundley. W—McMichael, 3-2. L—R. Springer, 1-1. Sv—Franco (11). HRs—Houston, Berry (2). New York, Huskey (7), Reynoso (1).

San Diego 000 120 000—3 11 1
Montreal 402 000 10x—7 10 1
Valenzuela, Cormane (5), Long (7), D. Veras (8) and C. Hernandez; P.Martinez and Fletcher. W—P. Martinez, 6-0. L—Valenzuela, 1-5. HR—San Diego, H. Rodriguez (9).

San Francisco 004 000 000—4 8 0
Cincinnati 000 000 01x—1 6 2
Estes, R. Rodriguez (5), Henry (8), Beck (9) and R. Wilkins; Burba, Carrasco (7), Remlinger (9), Belinda (9) and Oliver. W—Estes, 5-2. L—Burba, 3-4. Sv—Beck (12). HR—San Francisco, Kent (9).

Florida 102 200 001—11 12 0
Atlanta 020 001 002—5 8 1
Saunders, Cook (8), Powell (9) and C. Johnson; Wade, Byrd (4), Clontz (6), Bielecki (8), Embree (9) and Lopez. W—Saunders, 2-1. L—Wade, 1-3. HRs—Florida, C. Johnson (3), Bonilla (1), Sheffield (5). Atlanta, McGriff (6).

Los Angeles 000 000 100—1 7 0
Chicago 000 000 02x—2 6 2
Astacio and Piazza; Multiholland, Wendell (8), Rojas (9) and Servais. W—Wendell, 1-2. L—Astacio, 3-1. Sv—Rojas (4). HR—Chicago, Sosa (6).

JAPANESE LEAGUES

CENTRAL LEAGUE

	W	L	T	Pct.	GB
Yakult	19	13	—	.594	—
Hiroshima	16	14	—	.533	2.0
Yokohama	14	15	—	.483	3.5
Chunichi	15	17	—	.469	4.0
Hanshin	14	16	—	.467	4.0
Yomiuri	14	17	—	.452	4.5

WEDNESDAY'S RESULTS:
Hiroshima 6, Yomiuri 5
Yakult vs. Chunichi, rained out
Hanshin vs. Yokohama, rained out

PACIFIC LEAGUE

	W	L	T	Pct.	GB
Seibu	18	13	—	.581	—
Orix	15	13	—	.536	1.5
Daiei	17	15	—	.531	1.5
Lotte	14	15	1	.483	3.0
Nippon Ham	15	17	—	.469	3.5
Kintetsu	12	18	1	.400	5.5

WEDNESDAY'S RESULTS
Daiei 3, Kintetsu 1
Orix vs. Seibu, rained out
Lotte vs. Nippon Ham, rained out

BASKETBALL

NBA PLAYOFFS

SECOND ROUND
(BEST-OF-SEVEN)
'S RESULTS

Seattle 27 30 22 21—100
Houston 19 33 19 23— 94
S: Hawkins 8-15 3-3 23, Payton 8-17 5-8 21; H: Olajuwon 12-18 7-10 31, Drexler 9-16 5-8 26. Rebounds—Seattle 46 (Kemp 10), Houston 56 (Barkley 20). Assists—Seattle 21 (Payton 11), Houston 17 (Elie 6).
(Houston leads series 3-2)

Atlanta 27 17 24 24— 92
Chicago 33 27 19 28—107
A: Laettner 6-14 10-12 23, Blaylock 8-17 1-1 20; C: Jordan 9-23 5-5 24, Pippen 6-19 3-3 15. Rebounds—Atlanta 36 (Mutombo 12), Chicago 60 (Williams, Longley 10). Assists—Atlanta 19 (Blaylock 6), Chicago 31 (Jordan, Pippen 7).
(Chicago won series 4-1)

ICE HOCKEY

WORLD CHAMPIONSHIP

FINAL
(BEST-OF-THREE)
WEDNESDAY, IN HELSINKI, FINLAND
Canada 2, Sweden 1
(Canada won final 2-1)
For 3d place: Czech Republic 4, Russia 3

GOLF

JOHNNIE WALKER RYDER CUP

Standings for the Ryder Cup to be played Sept. 26-28 at Valderrama in Sotogrande, Spain. The top 10 finishers qualify for the 12-man teams and U.S. captain Tom Kite and European captain Seve Ballesteros each have two wild-card choices:

UNITED STATES

1. Tom Lehman 856,290 points; 2. Mark O'Meara 801,250; 3. Tiger Woods 800,000; 4. Phil Mickelson 659,290; 5. Scott Hoch 645,280; 6. Brad Faxon 642,500; 7. Davis Love III 636,000; 8. Steve Jones 579,280; 9. Mark Brooks 549,750; 10. Tommy Tolles 549,280; 11. Paul Stankowski 473,340; 12. David Duval 470,000; 13. Fred Couples 398,040; 14. John Cook 376,000; 15. Kenny Perry 371,250.

EUROPE

1. Colin Montgomerie, Scotland 343,977.49
2. Bernhard Langer, Germany 329,090.20
3. Costantino Rocca, Italy 282,867.87
4. Miguel Angel Martin, Spain 270,757.10
5. Thomas Bjorn, Denmark 264,143.80
6. Ian Woosnam, Wales 262,426.06
7. Darren Clarke, N.Ireland 246,836.74
8. Lee Westwood, England 222,686.49
9. Paul Broadhurst, England 204,834.23
10. Per-Ulrik Johansson, Sweden 196,615.30
11. Jose Maria Olazabal, Spain 179,521.88
12. Peter Mitchell, England 175,985.53
13. Jean Van de Velde, France 174,268.72
14. Sam Torrance, Scotland 164,099.24
15. Padraig Harrington, Ireland 163,470.20

TENNIS

WTA RANKINGS

1. Martina Hingis, Switzerland, 4,674points; 2. Steffi Graf, Germany, 4175; 3. Monica Seles, U.S., 3568; 4. Jana Novotna, Czech Republic, 3313; 5. Lindsay Davenport, U.S., 2910; 6. Arantxa Sanchez Vicario, Spain, 2804; 7. Anke Huber, Germany, 2701; 8. Conchita Martinez, Spain, 2638; 9. Iva Majoli, Croatia, 2514; 10. Amanda Coetzer, South Africa, 1991; 11. Mary Pierce, France, 1958; 12. Karina Habsudova, Slovakia, 1842; 13. Irina Spirlea, Romania, 1765; 14. Mary Joe Fernandez, U.S., 1703; 15. Brenda Schultz-McCarthy, Netherlands, 1636.

ATP RANKINGS

1. Pete Sampras, U.S., 5,118 points; 2. Michael Chang, U.S., 3,704; 3. Thomas Muster, Austria, 3,261; 4. Yevgeny Kafelnikov, Russia, 3,008; 5. Richard Krajicek, Netherlands, 2,881; 6. Goran Ivanisevic, Croatia, 2,710; 7. Thomas Enqvist, Sweden, 2,176; 8. Carlos Moya, Spain, 2,143; 9. Marcelo Rios, Chile, 2,072; 10. Albert Costa, Spain, 1,908; 11. Wayne Ferreira, South Africa, 1,866; 12. Felix Mantilla, Spain, 1,841; 13. Boris Becker, Germany, 1,765; 14. Todd Martin, U.S., 1,673; 15. Alex Corretja, Spain, 1,650.

TRANSITIONS

BASEBALL
MAJOR LEAGUE BASEBALL

MAJOR LEAGUE EXECUTIVE COUNCIL—Suspended New York Yankees owner George Steinbrenner from council because of his lawsuit against major league baseball, and suspended Yankees team from participation on any committee.

AMERICAN LEAGUE

BALTIMORE—Voided the option of RHP Rocky Coppinger in Rochester, IL, and put him on 15-day disabled list, retroactive to May 10.

BOSTON—Traded RHP Rick Trlicek to the New York Mets for RHP Toby Borland.

CHICAGO—Put LHP Tony Castillo on 15-day disabled list. Recalled RHP Matt Karchner from Nashville, AA.

CLEVELAND—Agreed to terms with Mike Hargrove, manager, on 2-year contract extension.

DETROIT—Purchased the contract of RHP Tim Pugh from Toledo, IL. Transferred INF Orlando Miller from 15-day to 60-day disabled list.

KANSAS CITY—Released LHP Mitch Williams. Recalled LHP Allen McDill from Omaha, AA.

NEW YORK—Recalled OF Scott Pose from Columbus, IL. Put 2B Pat Kelly on 15-day disabled list, retroactive to May 10.

OAKLAND—Recalled RHP Carlos Reyes from Edmonton, PCL. Optioned RHP Mark Acre to Edmonton.

TEXAS—Put RHP Roger Pavlik on 15-day disabled list, retroactive to May 7. Recalled RHP Matt Whiteside from Oklahoma City, AA.

NATIONAL LEAGUE

LOS ANGELES—Put RHP Darren Dreifort on 15-day disabled list. Recalled RHP Antonio Osuna from Albuquerque, PCL.

NEW YORK—Optioned LHP Ricardo Jordan to Norfolk, IL.

ST. LOUIS—Sent RHP Rich Batchelor to Louisville, AA. Optioned LHP Tom McGraw to Louisville. Purchased the contract of OF Micah Franklin from Louisville. Activated LHP Lance Painter from the 15-day disabled list.

SAN DIEGO—Put 3B Ken Caminiti on 15-day disabled list, retroactive to May 12. Activated 1B Wally Joyner and INF Craig Shipley from the 15-day disabled list. Optioned 1B Derrek Lee to Las Vegas, PCL.

BASKETBALL
NATIONAL BASKETBALL ASSOCIATION

NBA—Fined Chicago C Brian Williams $5,000 for making obscene gesture after fouling out of May 11th game.

PORTLAND—Named Mike Dunleavy coach.

FOOTBALL
NATIONAL FOOTBALL LEAGUE

ARIZONA—Waived TE Sherrod Jones.

JACKSONVILLE—Re-signed OL Greg Huntington.

KANSAS CITY—Signed QB Pat Barnes to 3-year contract. Released DB Mark Collins.

MIAMI—Released CB A.J. Johnson and WR Tyrone Williams.

NEW ORLEANS—Re-signed RB Derek Brown to 1-year contract. Released G Chuck Bellah.

OAKLAND—Re-signed S Lorenzo Lynch and signed TE Kevin Smith.

SAN DIEGO—Signed LB Law Bush to 4-year contract and WR Eric Metcalf to 1-year contract. Released LB Chris Cowart and QB John Hebgen.

WASHINGTON—Agreed to terms with LB Twon Russell and OT Darryl Ashmore.

CANADIAN FOOTBALL LEAGUE

TORONTO—Signed RB Mike Clemons to multiyear contract.

HOCKEY
NATIONAL HOCKEY LEAGUE

BUFFALO—Assigned C Wayne Primeau and D Jay McKee to Rochester, AHL.

COLORADO—Returned C Josef Marha to Hershey, AHL.

EDMONTON—Returned D Bryan Muir, D Steve Kelly and LW Joe Hulbig to Hamilton, AHL.

NEW JERSEY—Assigned LW Patrik Elias to Albany, AHL.

WASHINGTON—Announced the contract of David Poile, general manager, will not be renewed.

COLLEGE

DUQUESNE—Announced basketball players Markell Sneed and Rob Johnson have withdrawn from the school.

FLORIDA—Announced F Kendrick Spruel has left mens basketball team.

KENTUCKY—Named Tubby Smith mens basketball coach.

OHIO STATE—Announced the resignation of Peter Kormann, mens gymnastics coach, so he can take the position of technical coordinator with USA Gymnastics.

SYRACUSE—Signed Marianna Freeman, womens basketball coach, to multiyear contract extension.

VANDERBILT—Announced it will give up berth in Southeastern Conference baseball tournament for using an ineligible player.

WARTBURG—Announced resignation of Marty Simmons, mens basketball coach.

Ryder C
Vantage
International Herald Tribune
WARE, England — In
they come out by
sands on a day like this,
for the English Open, a PGA
four event held just a few miles
London.
Many of the top players in
playing in this pro-am without
public noise or any of the
sions that make their jobs
and profitable.
But think ahead to four
now, when the 12 best European
will be in Valderrama, Spain,
Johnnie Walker Ryder Cup, the
gain competition against the
gle. By then, every day of
eas crowded as the biggest
weekends in Europe. Such
ere hard to imagine on a
splendid Wednesday on the
English summer.
"The Ryder Cup is like the
er us," said Miguel Angel
-year-old Spaniard who
petitioned to make his first Ryder
appearance. "A lot of players
ng about being on the Ryder
eam."
It cannot be an entirely
lion. The top 10 European
ishers over a 12-month period
in August will qualify for the team
matically. Another two players —
of them likely to be Nick Faldo,
playing on the U.S. Tour — will
added to the team by its captain,
Woods Speak
Some Empathy for
A Rebuke for President
By Joe Drape
IRVING, Texas — He is
the youngest Masters champion
ever, pop culture's latest
icon, and he's finally
up. About the Penny Zoeller
flap. About declining to
pear with President Bill Clinton
at the Jackie Robinson
tribute at Shea Stadium.
About the whole
of Tiger in the wake of his
record 12-shot victory.
Woods had more
words for Zoeller
for Clinton. Woods
looked forward to
heart-to-heart
Zoeller.
Woods intends to find
exactly what Zoeller meant
by what were perceived as
racially insensitive comments
about Woods's menu selections
for the Masters champion's dinner next year. At
first, Woods said he did not
want to respond at all, but he
issued a statement after the
hour dragged on.
"I didn't dig myself into a
hole," Woods said. "I got
myself drawn into it."
Woods has drawn fire for
some insensitive jokes attributed to him about blacks and
lesbians, which were published in GQ magazine. He
said that he made those com-
ments
cussing
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Woods,
and upbeat
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reporters
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Masters
said he has
having fun
sumed demeanor
what has
one-man
are. He played
friends and
DENNIS THE MENACE
PEAN
YES, A
WRITING
GARFI
"WE'RE NOT LOST, AND I'M NOT STOPPING TO ASK FOR DIRECTIONS."
JUMBLE
THAT SCRAMBLED WORD GAME
by Henri Arnold and Mike Argirion
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.
Jumbles: LURID AMUSE SLUTTY GIGGLE
Answer: Getting an ad from — GUSHING
ENTERTAINMENT
Appears every Wednesday in The International Herald Tribune.
To advertise contact Sandy O'Hara in our New York office
Tel: (1-212) 752 3890
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or your nearest IHT office or representative.
BEETLE
BLONDI
WE'RE TH
BOOK

SPORTS

Ryder Cup Hopefuls Raring Up

Vantage Point/IAN THOMSEN

International Herald Tribune

WARE, England — In America, they come out by the thousands on a day like this. Not so for the English Open, a PGA European Tour event held just a few miles north of London.

Many of the top players in Europe are playing in this pro-am without scrutiny, public noise or any of the other intrusions that make their jobs so difficult and profitable.

But think ahead to four months from now, when the 12 best European players will be in Valderrama, Spain, for the Johnnie Walker Ryder Cup, the biennial team competition against the Americans. By then, every day of practice will be as crowded as the biggest tournament weekends in Europe. Such pressures were hard to imagine on a peaceful, splendid Wednesday on the verge of the English summer.

"The Ryder Cup is like the Olympics for us," said Miguel Angel Martin, a 35-year-old Spaniard who seems well positioned to make his first Ryder Cup appearance. "A lot of players are thinking about being on the Ryder Cup team."

"It cannot be an entirely pleasant ambition. The top 10 European money-winners over a 12-month period ending in August will qualify for the team automatically. Another two players — one of them likely to be Nick Faldo, who is playing on the U.S. Tour — will be added to the team by its captain, Seve Ballesteros. At the moment, it is looking as if the famous names of Colin Montgomerie (first in the current European team standings), Bernhard Langer (second), Costantino Rocca (third), Ian Woosnam (sixth) and Jose-Maria Olazabal (11th) will play their way onto the team.

Joining them will be some Ryder Cup rookies, players who up to now have only seen the tournament on television. Martin is fourth in the current standings. Thomas Bjorn, who would become the first Dane to play in the Ryder Cup, is placed fifth.

"I really don't want to think about it right now," said Bjorn, 26, who was the European rookie of the year last year. "As soon as I know I'm there, then I'll go to players who have played in it and talk to them about what it will be like and learn how to prepare for it. Until then, I want to enjoy the tournaments I'm playing."

BUT HE IS thinking about it. After missing almost two months with a stiff neck, Bjorn has played the last four weeks and plans to keep playing for an additional seven weeks in succession — a grueling three-month run of tournaments through France, Spain, Italy, Britain, Germany and America (for the U.S. Open) which he hopes will validate his place on the Ryder Cup team.

Bjorn grew up playing in a golfing family in Jutland. He won four times in 1995 on the European minor-league Challenge Tour. His PGA victory came serendipitously at the Loch Lomond World Invitational last September, just four weeks into the Ryder Cup points campaign. He said a key for him was staying confident at golf's highest level.

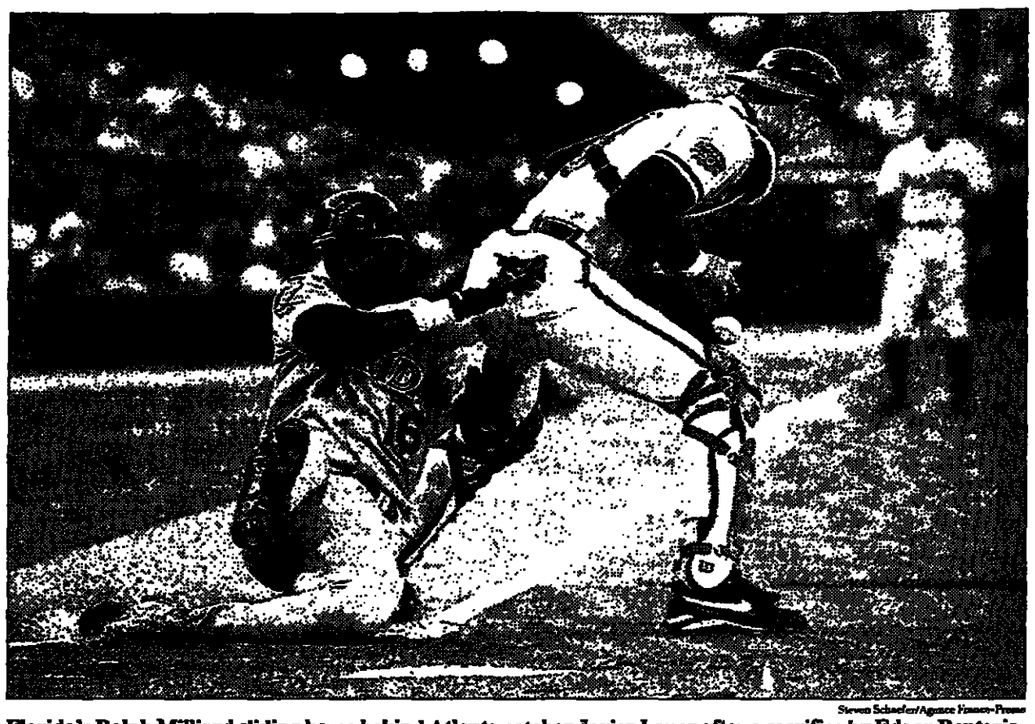
"As a player, you try to stick to your game, build up your form for the week, and if you're in good form you're not going to be that nervous," he said.

Martin is in contention largely because of his victory last January at the Heineken Classic in Australia. To assure his place in the team over the next three and a half months, Martin will probably need to earn at least another $100,000, which is the equivalent of a second-place finish.

There can be no imagining what the week might be like for him — a Spaniard debuting in the first Ryder Cup to be held in Spain. Martin grew up caddying at a private club in Madrid where he wasn't allowed to play the course. He didn't play on a decent course regularly until he turned professional at 18.

His first club was a 9-iron, and with friends he would play creatively in the open fields and woods near his parents' home. He used to be in the galleries when Ballesteros would come to play tournaments in Madrid.

In four months Ballesteros, his hero, might well become his captain. Martin put his fists together and turned them, to indicate how his stomach might feel next September at Valderrama. "I like this terrible feeling," he said. "I would like to have the terrible feelings in order to play the Ryder Cup and win."



Steven Schaefer/Agence France-Presse

Florida's Ralph Milliard sliding home behind Atlanta catcher Javier Lopez after a sacrifice by Edgar Renteria.

Grand Slam Ends Bonilla's Drought

The Associated Press

ATLANTA — Bobby Bonilla hit a grand slam, his first homer in 49 games, to highlight a seven-run fourth inning that carried the Florida Marlins to a 11-5 victory over the Atlanta Braves in a matchup of the top teams in the NL East.

Bonilla, whose last homer came on Sept. 15, 1996, when he was still with Baltimore, had gone 129 at-bats this season without one before he drove a pitch deep into the right-field stands against Paul Byrd.

BASEBALL ROUNDUP

The Marlins, who had only 26 homers in their first 37 games, took advantage of a break in the Braves' rotation on Tuesday night to snap out of their power drought and cut the Braves' lead in the East to four games.

Tom Glavine missed his first start since Sept. 15, 1992, because of a left hand that was still sore from being hit by a pitch while he was batting against the Marlins last week. Terrell Wade (1-3) took Glavine's spot and took the loss.

Rookie Tony Saunders (2-1) beat the Braves for the second time in a week, allowing only five hits in seven innings.

Mets 4, Astros 3 Butch Huskey's solo homer in the seventh inning snapped a 3-3 tie and lifted host New York to its fourth straight victory.

New York starter Armando Reynoso hit his third career homer as the Mets won for the 12th time in 16 games.

Huskey, who has four homers in his last six games, hit a 1-1 pitch from Russ Springer (1-1) into the left-field bullpen.

Sean Berry homered for the Astros, who have dropped three straight and six of their last eight.

Expos 7, Padres 3 Pedro Martinez improved to 6-0 with his second complete game of the season.

Martinez, who entered with a major-league-leading 0.50 earned run average, allowed three runs — two earned — and 11 hits. The right-hander struck out seven, walked none and saw his ERA rise slightly to 0.79.

Henry Rodriguez hit a three-run homer, and Rondell White went 3-for-4 with three RBIs as host Montreal won for the fourth time in six games.

Phillies 3, Cardinals 2 In Philadelphia, Scott Rolen's two-run triple highlighted a three-run eighth inning for the Phillies.

St. Louis starter Andy Benes blanked Philadelphia for seven innings before the Cardinals' bullpen blew it.

Philadelphia starter Garrett Stephenson allowed just two hits and struck out 12 in seven innings of his first major-league start.

Cubs 2, Dodgers 1 Sammy Sosa hit a two-run homer with two outs in the eighth inning for host Chicago.

Trailing 1-0 in the eighth, Mark Grace walked against Pedro Astacio (3-1) and Sosa followed by hitting a 2-0 pitch over the center-field wall for his sixth homer.

Turk Wendell (1-2) picked up the victory with one scoreless inning.

Giants 4, Reds 1 Jeff Kent hit his second grand slam of the season, and Shawn Estes pitched 7⅓ strong innings for visiting San Francisco.

Kent hit his eighth homer of the year as the Giants won their third straight to stay atop the NL West.

In the American League:

Orioles 7, Athletics 3 B.J. Surhoff had a two-run homer and a two-run double, giving him 11 RBIs in his last three games, as Baltimore defeated the A's in Oakland.

Surhoff, who bunted for a single in the second, had a bases-loaded double in the third and hit his fourth homer of the season in the fifth. He went 3-for-4 and has two or more hits in eight of his last 13 games.

Mike Mussina (5-1) allowed three runs on six hits in six innings as Baltimore improved to 25-11, the best record in the AL.

Mariners 2, Brewers 1 Jay Buhner's two-run, ninth-inning single off Mike Fetters lifted visiting Seattle.

Buhner's hit was just the Mariners' third and it made a winner of Randy Johnson (5-1), who gave up six hits in eight innings.

Royals 9, Red Sox 0 Tim Belcher retired the first 15 batters and finished with a two-hitter as host Kansas City routed slumping Boston, which has lost five straight and nine of its last 10.

Belcher (5-3) lowered his ERA to an AL-best 1.72, stretched his scoreless-inning streak to 19, and faced only three batters over the minimum. He has pitched three complete games in his last four starts.

Tigers 4, Blue Jays 0 Felipe Lira pitched a four-hitter, and Bob Hamelin homered twice as host Detroit beat Toronto.

Lira (2-2) won his second straight game after losing his previous nine decisions. He gave up four singles, walked one and had a career-high 10 strikeouts.

Yankees 11, Twins 2 Tino Martinez became only the third Yankee to hit 15 homers in the first 40 games, hitting a two-run shot in New York's victory over host Minnesota.

Martinez hit a 415-foot homer off reliever Kevin Jarvis in the sixth inning, when New York scored seven runs. He joined Babe Ruth (four times) and Mickey Mantle (1956) as the only Yankee sluggers to start a season so quickly.

Indians 7, Rangers 3 Matt Williams hit a tie-breaking homer in the sixth inning as visiting Cleveland stopped a three-game losing skid.

Williams' 10th homer of the season allowed the Indians to complete a comeback after trailing 3-0.

Angels 8, White Sox 7 The Angels, who scored a club-record 13 runs in one inning the previous night, scored seven in the third inning to beat the visiting White Sox.

The first nine Anaheim batters reached base during the rally, which turned a 3-0 deficit into a 7-3 lead against James Baldwin (1-5). Luis Alicea put the Angels ahead to stay with a two-run double.

Woods Speaks Out

Some Empathy for Fuzzy Zoeller; A Rebuke for President Clinton

By Joe Drape
New York Times Service

IRVING, Texas — He is the youngest Masters champion ever, pop culture's latest icon, and he's finally spoken up. About the Fuzzy Zoeller flap. About declining to appear with President Bill Clinton at the Jackie Robinson tribute at Shea Stadium. About the whole dizzying life of Tiger in the wake of his record 12-shot victory.

Woods had more forgiving words for Zoeller than he did for Clinton. Woods said he looked forward to having a heart-to-heart talk with Zoeller.

Woods intends to find out exactly what Zoeller meant by what were perceived as racially insensitive comments about Woods's menu selections for the Masters champion's dinner next year. At first, Woods said he did not want to respond at all, but he issued a statement after the furor dragged on.

"I didn't dig myself into a hole," Woods said. "I got myself drawn into it."

Woods has drawn fire for some insensitive jokes attributed to him about blacks and lesbians, which were published in GQ magazine. He said that he made those comments privately to a limousine driver, not in front of cameras like Zoeller did.

"I paid a price yes, but not to the degree of what Fuzzy went through," he said.

But Woods made it clear he was hardly repentant for turning down Clinton's invitation to appear with him at the Shea Stadium celebration of the 50th anniversary of Robinson's integrating baseball.

"One, I had planned my vacation; it was set," Woods said. "And two, why didn't Mr. Clinton invite me before the Masters? That didn't happen. As soon as I won, he invited me.

"If he wanted me there, I think it would have been best if he would have asked me before the Masters with all the other athletes that were involved."

Woods, 21, was relaxed and upbeat during the nearly hourlong news conference Tuesday before more than 200 reporters, some from as far away as Japan.

In the month since his historic Masters victory, Woods said he has tried to balance having fun with the time-consuming demands of running what has basically become a one-man earning conglomerate. He played golf with new friends and mentors, Michael Jordan and Kevin Costner. He sat for interviews with Oprah Winfrey and Barbara Walters. He attended business meeting after business meeting.

"Whew, you would not believe, I mean the demands on my time have grown exponentially," he said. "I've had to learn the magic word of no, and say it as nice as possible.

"It's hard because people, in my opinion, fail to realize why I'm out here," he said. "I'm out here to try to win tournaments."

Michael Malyszko/Reuters

Tiger Woods, the Masters champion, pondering a question during a press conference in Irving, Texas.

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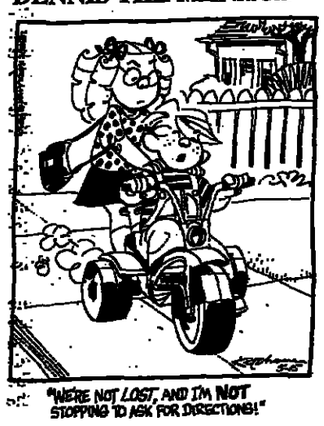

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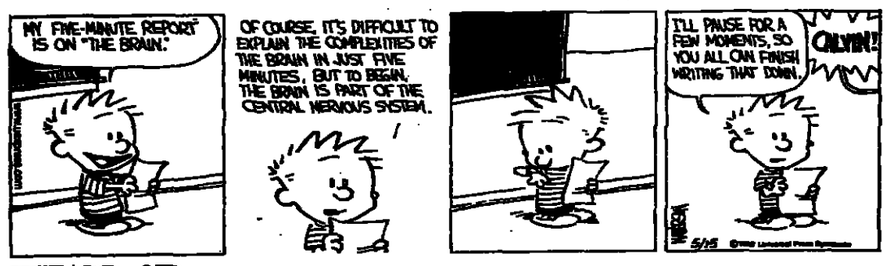

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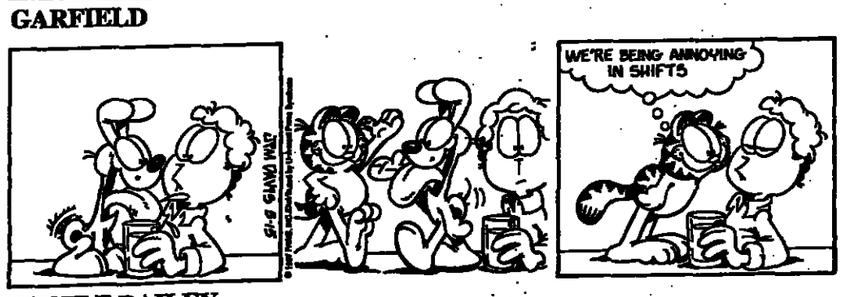

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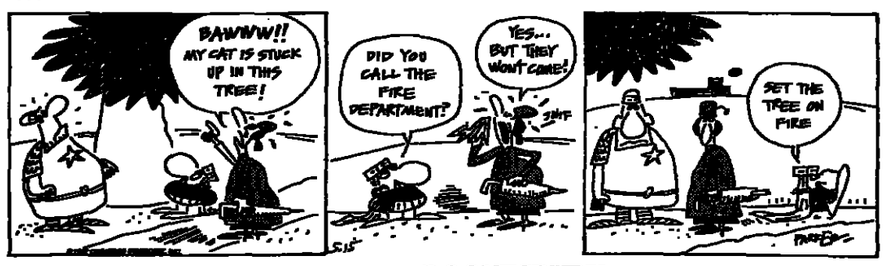

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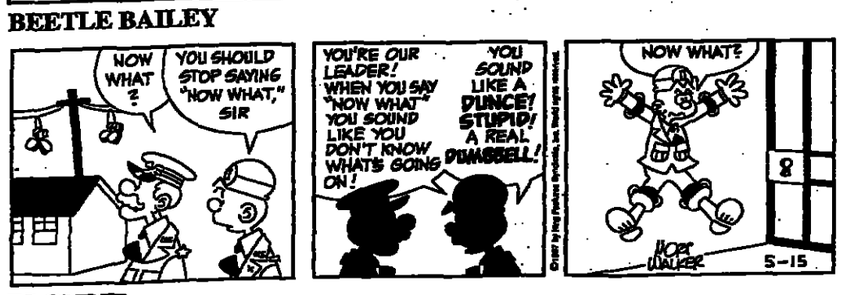

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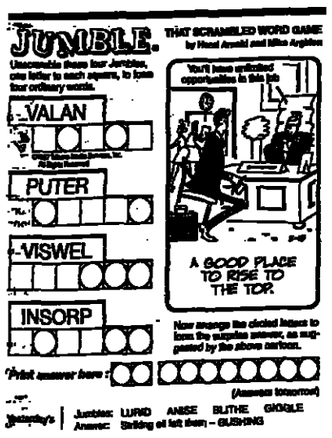

ART BUCHWALD

Machines Get Uppity

WASHINGTON — I walked into my office the other morning and found all the computers flashing and ringing and whistling.

I went over to mine and hit the keyboard.

"What's up?"

The computer replied, "We won, we won. We beat the son of a gun."

I suddenly remembered that on Sunday the computer Deep Blue beat the Russian world champion Garry Kasparov, and once again human beings took a nose-dive thanks to machines.

Buchwald

I typed in, "It wasn't a computer, but 100 chess masters hired at $20 an hour by IBM which made the difference. Where is the sportsmanship that computers are supposed to show when humanity has a bad day?"

The computer sent goldfish swimming across the screen.

□

My computer replied by voice, "WE had billions of options — Kasparov had nothing but a few moves in his head. That's what makes computers superior to man."

"But," I protested. "it *wasn't a computer, but all the* options feeding the computer that brought the greatest chess player in history to his knees — that and the noise of the floppy disk when it was making backups of the game."

My computer replied, "The computer was silent when it stuck it to Kasparov. If you want to know the truth, the reason Kasparov lost was he kept putting his head in his hands with his elbows on the table.

□

Deep Blue was shocked by the Russian's bad manners. The difference between Man and Machine is that computers never put their elbows on the table.

"IBM put the elbows in Deep Blue's memory and that is all Deep Blue needed to know about where Kasparov would move next."

I typed. "But you're gloating. Every machine in this office feels superior and that is not good for those of us who consider computers our tools."

My computer said, "Vince Lombardi, the famous coach, once tapped into his laptop computer, 'Winning is everything,' and somehow it got into Kasparov's e-mail and psyched him for the rest of the match."

No Transfer For 'Guernica'

The Associated Press

MADRID, Spain — Picasso's masterpiece "Guernica" will not be moved to the new Bilbao Guggenheim in northern Spain despite pressure from Basque groups, the Reina Sofia Museum has announced.

Reina Sofia officials said that the delicate state of the 60-year-old painting precluded it from being transferred to another museum.

The Bilbao Guggenheim, built at a cost of $171 million, had requested that "Guernica" be loaned or permanently moved to the museum for its Oct. 3 opening.

The black-and-white mural immortalized the 1937 Nazi bombing of Guernica, a town near the industrial city of Bilbao.

Russia's 'Primary Colors,' With Yel Tsin and Tan Yel

By Alessandra Stanley
New York Times Service

MOSCOW — The re-election of President Boris Yeltsin over his Communist challenger last year was a pivotal moment in Russia's rocky transition to democracy. So it is not surprising that a roman à clef about that no-holds-barred campaign should follow.

A *new novel*, "China Lane," which purports to be the Russian version of "Primary Colors," has just arrived in bookstores. Among the sinister players maneuvering behind the Kremlin campaign scenes are corrupt, mob-tied government officials and political advisers, ruthless Russian and American businessmen and the president's daughter, "Tan Yel."

Yeltsin's daughter Tatiana Dyachenko, who helped run the campaign in real life, continues to play a powerful, if veiled, role in the Kremlin. Shady businessmen and corrupt officials helped re-elect Yeltsin and are backing his policies to this day. The novel's baroque plot and one-dimensional characters are based, however loosely, on real events and real people. The book is pulp fiction, but steeped in unflattering facts.

In the early 1990s, the Russian publishing world was in tatters after the collapse of the Soviet system, and most thrillers were translated — and often pirated — versions of English-language best-selling authors like Ken Follett or John Grisham. Nowadays, Russian authors dominate the market.

The best-selling fiction writer today is Viktor Dysenko, the Russian king of pulp. He writes Rambo-style action-adventure novels for the new monied classes — mostly young men in fancy cars and leather jackets. He has sold more than 5 million copies of his seven novels.

In Dysenko's black-and-white world view, the Russian government is the good guy; the bad guys are the Central Intelligence Agency, international terrorism, and that eternal bête noire of the Slavs, Freemasons.

"China Lane" is a novel that tries to dramatize the collusion of money and corruption inside the Kremlin — one of the more prevalent forms of crime in Russia *today*. Though the author, Eduard Topol, refers to his book as a "Primary Colors," one key difference between "China Lane" and the fictionalized account of the 1992 Clinton campaign is that unlike Joe Klein, Topol, a well-known novelist whose 1983 thriller about Soviet corruption, "Red Square," was an international best seller, never tried to remain anonymous.

Topol, 58, immigrated to the United States 19 years ago and lives in New York. Now, for the first time, he has focused on ill doings in contemporary Russia. And his version includes one plot twist in particular intended to make the president and his men, and his daughter, uncomfortable. In the novel, the re-election campaign of President Yel Tsin is going nowhere until two shady American businessmen, in Russia to sell government officials bulletproof Lamborghinis, decide that their only hope of closing a deal is helping the incompetent Russian campaign staff defeat the communist challenger, Zyu Gan, based on the real-life communist leader Gennadi Zyuganov. (The novel is coyly set in a mythical China, allowing the author to give famous people thinly disguised Chinese-sounding pseudonyms. Prime Minister Viktor Chernomyrdin, for example, is Cher Myr Din.)

The American businessmen-turned-campaign-strategists are loosely based on a team of California political consultants who were hired in the spring of 1996 by Tatiana Dyachenko to conduct focus groups and polling. The American consultants worked in secret, *isolated from the rest of the campaign* staff, political reporters, and Topol, who spent seven months in Moscow soaking up atmosphere for his novel. "I was astonished when I read about them in Time magazine," Topol said. "But once I did, the plot of my novel instantly became clear."

Among the villains is the chief of presidential security, Sos Kor Tsen, a compilation of Yeltsin's real-life and now ousted chief of security, Alexander Korzhakov, and another ousted top aide, Oleg Soskovets. Sos Kor Tsen wants to sabotage the elections, and he also wants to erase traces of all the state money he has embezzled and put into secret Swiss bank accounts.

Boris Berezovsky, a news media and oil tycoon who helped finance Yeltsin's campaign and is now deputy chairman of the National Security Council, appears in the book as the billionaire Boris Bere, chairman of Beria Bank (a not very flattering allusion to Lavrenti Beria, Stalin's feared police chief).

Echoing a real assassination attempt on Berezovsky in 1994, Boris Bere's car is blown up but he survives. According to the novel, he was attacked as a warning to other top Russian bankers by Sos Kor Tsen, who wants to extort $40 million from each of them to pay off striking miners.

Yet with all the secret Swiss bank accounts, killings, and skulduggery, the one real-life scandal that briefly flared toward the end of the campaign is not recreated in the novel.

Last June, two top advisers to Deputy Prime Minister Anatoly Chubais, who was then the Yeltsin campaign's chief strategist and fund-raiser, were arrested by Korzhakov's security guards as they tried to smuggle $500,000 in cash out of a government building. At the time, Chubais painted the episode as an attempt by his rival Korzhakov to discredit his staff and sabotage the elections, and he persuaded Yeltsin to dismiss Korzhakov.

Where the money came from and what Chubais's men were doing with it was never explained. Charges against them were quietly dropped earlier this year.

In today's Russia, some facts are apparently still too dangerous to fictionalize. "I know where the $500,000 came from, but I can't say," Topol said. "People get killed over things like this. It's too dangerous a topic even for a novel."

James Hill/The New York Times
Novelist Eduard Topol, who wrote "China Lane."

PEOPLE

Andy Kuno/The Associated Press
KEYNOTER — Bill Cosby telling a joke to graduates of the University of California at Berkeley, where he was a commencement speaker.

AFTER the screening of her two-hour filmed portrait of **Marcello Mastroianni** at the Cannes film festival, **Anna Maria Tato** was in a fighting mood, defending her legal rights to control the marketing of the Italian actor's legacy. Tato's film, "Mi ricordo si io mi ricordo," has fueled an ugly dispute. Tato, who was Mastroianni's companion during the last 22 years of his life, set off a storm in March, three months after he died, by telling Variety that a codicil to his will gave her control over his artistic legacy. The French actress **Catherine Deneuve**, industry sources say, unsuccessfully pressured Cannes organizers to keep Tato's film out of the festival. Tato is a feature film director who has made documentaries on **Woody Allen** and **Vittorio Gassman**, among others.

□

Pop star **Mark Morrison** Wednesday was sent to jail for three months in London for threatening a policeman with an electric stun gun. The 24-year-old singer for Return of the Mack was given three-month concurrent sentences at Marylebone Magistrate Court for possessing the gun and for making threats when a policeman tried to arrest him outside a store in west London last October.

□

Jodie Foster lashed out at her brother over a new book in which he claims his mother had a romance with another woman and says he always "assumed" his sister was gay or bisexual. "I feel sad for him," the actress said in a newspaper interview. "Mostly I feel sad for my 69-year-old mother, who has spent her life struggling to raise four children on her own with dignity and strength of character." In his book "Foster Child," **Buddy Foster** wrote: "I have always assumed Jodie was gay or bisexual" but noted she has had "love affairs with men all her life." Foster said the book is a "cheap cry for attention and money."

□

A former security guard's wrongful termination lawsuit against **Michael Jackson** has been rejected by a California judge. **Jerome Johnson** had stated in his suit that he was fired after claiming Jackson executives tried to cover up Jackson's alleged sexual encounters with a teenage boy. Jackson settled a civil lawsuit with the boy out of court, reportedly paying more than $15 million.

□

Paul McCartney, who celebrates his 55th birthday next month, marked the release of his first solo album in four years by appearing in a documentary. The Beatles' drummer, **Ringo Starr,** and their producer, **George Martin,** joined him for "Flaming Pie" with guest appearances by McCartney's photographer wife, **Linda**, now recovering from breast cancer. The documentary, which was screened at a news conference in London, revealed that McCartney is making a cartoon, writing a symphony and trying his hand at painting.

□

Prince Andrew slipped into Silicon Valley with little pomp or circumstance for a computer conference. He praised American know-how: "We acknowledge you as the leader in almost everything in the information technology field." But he added, "You can't have it all your own way. I think that you acknowledge that Britain is the world leader in entertainment software and virtual reality."

□

John Heard was sentenced to 18 months' probation for making 100 telephone calls to harass the mother of his 9-year-old son. The actor, best known as **Macaulay Culkin's** father in the "Home Alone" movies, was convicted in March of telephone misuse and trespassing in the case brought by actress **Melissa Leo** of NBC's "Homicide."

□

The British dancer-choreographer **Christopher Wheeldon**, 23, and composer **Stefon Harris**, 22, received $5,000 Martin E. Segal awards at a ceremony at Lincoln Center in New York. The award was established in 1986 by friends of Segal when he retired as the center's chairman.

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The World's Daily Newspaper

So, Is a Big...

By R.W. Apple Jr.
New York Times Service

WASHINGTON — The decision to extend membership in NATO to former Soviet-bloc ... Central Europe, which Russia now has grudgingly accepted, is almost certainly ... significant United States foreign-policy ... since the end of the Cold War. ... redrawing of the world security map ... Washington's decision in the early ... ognize Communist China.

Yet it was made, early in 1995, ... Clinton administration style, without a ... review, without a structured evaluation ...

Rebels Push To Kinshasa As Mobutu Allies Flee

Government Troops Said to Panic in Face Of Kabila's Forces

By Howard W. French

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